BLUE CRANE ROUTE MUNICIPALITY (EC102)

TOLERANCE, TRUST, TENACITY

ANNUAL REPORT
2015/2016

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MAYOR'S FOREWORD

It is with great pleasure and honour for me to table the 2015/16 Annual Report. This annual report represents a culmination of the 5-year term of the current council. It epitomises the end of the term which was characterised by a collective commitment by both councillors and senior management to the delivery of services to our people.

The year under review has been both exciting and challenging to our endeavour to improve and better the lives our people. From the time we commenced our term of office up to date, we have witnessed great strides in terms of improved governance. Our Standing Committees and Council continued to execute their work in their legislative mandates. We have witnessed an improvement in terms of the quality of compliance and statutory reporting to Council and its Committees. We have also witnessed improved institutional performance across all Directorates.

On the service delivery front, we continue to make strides in improving the lives our community through the implementation of the Back to Basics Programme. During the year under review, BCRM Council developed and approved the Back to Basic Plan.

The programme for housing rectification in Cookhouse and Somerset East has just commenced. During this year, young people have been the greatest beneficiaries. BCRM has budgeted more than R7million to upgrade sports fields in Cookhouse and Pearston. These will go a long way in providing recreational amenities for young people.

During the 2015/16 financial year, the Auditor General of SA (AGSA) announced an Unqualified Audit Opinion for the 2014/15 financial year. This is a big stride from the stagnation of previous Qualified Audit Opinions. For this I am grateful for the hard work of all staff especially Senior Management, Council for its oversight function and the community of BCRM at large.

The attainment of the Unqualified Audit Opinion could not have been a better gift for myself and this Council as end of our term of office. I wish to implore on Council and officials to work even harder to surpass the Unqualified Audit Opinion and achieve a Clean Audit Opinion.

As this Council ends its term, I wish to thank all my fellow Councillors; Senior Management and all Officials; as well as all our stakeholders that have contributed to improving the lives of the citizens of the Blue Crane Route Municipal area.

I thank you!

Councillor B.A. Manxoweni
MAYOR / SPEAKER
BLUE CRANE ROUTE MUNICIPALITY (EC102)

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

It gives me great pleasure as an Accounting Officer to table the 2015/16 Annual Report of the Blue Crane Route Local Municipality. In any organisation including municipalities, an Annual Report serves as an instrument and statement of accountability. It seeks to give an account of the progress made and challenges faced in the implementation of the developmental objectives of the organisation. It is on this basis that this Annual Report is tabled to the Council and the communities of Blue Crane Route Local Municipality.

The year under review has been a relatively successful year for the BCRM. It is also an opportune year to reflect on past achievements and failures as it is the end of the current term of office of the Council. The municipality has also been relatively stable with a robust but matured political and administrative interface. On the governance front, municipality made strides in terms of improvement. All Council Standing Committees including Council meetings were held as scheduled. The IDP and Budget were adopted by Council after wide consultation with all the relevant stakeholders including community meetings.

The previous Audit Committee's term of office came to an end and a new Audit Committee was subsequently appointed by Council. Meetings of the Audit Committee are convened as scheduled to receive Management and Internal Audit reports. Performance Management at senior management level is being implemented. Performance management reviews of senior management are undertaken on a quarterly basis and reports submitted to Council. In this regard, a Record Performance Information Standard Operating Procedure Manual was developed and approved by Council. During the period under review, the BCRM has also been able to review its Fraud and Anti-corruption Policy and Prevention Plan.

On the Local Economic Development front, we witnessed completion of the construction of the Somerset East Airport which was pioneered by the Department of Rural Development and Land Affairs. We also witnessed the coming to fruition of the Blue Crane Route Industrial Park along the Airport precinct with potential investors coming to the fore. The construction of the R355 road linking Somerset East and Addo has also commenced.

The partnerships developed between the Department of Rural Development and Land Affairs, Cacadu Development Agency and BCRM has been very effective in the success of the abovementioned projects. These and many other economic initiatives including Wind Farms have vast economic and employment prospects for the BCRM.

We also continue to make strides in the provision of basic services to our communities. We do so faced by financial and budget constraints due to declining grants from national fiscus. We implemented the upgrade of boreholes in Pearston to improve water provision. We also completed Phase 1 of the Somerset East Waste Water Treatment Plant, the construction of the Sportsfields in Cookhouse and Pearston has commenced. The anticipated time for completion is August 2016 of the next financial

year. The completion of construction and occupation of the new Fire and Rescue building was undertaken. The refurbishment of the Traffic building to provide better service to our community was undertaken.

THABISO KLAAS
MUNICIPAL MANAGER
BLUE CRANE ROUTE MUNICIPALITY (EC102)

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

1.2.1 BLUECRANE ROUTE MUNICIPAL VISION, MISSION AND VALUES:

The BCR municipality is "A municipality that strives to provide a better life for all its citizens". The vision is aligned to the five development priorities and the national and provincial government strategic frameworks. The plans and budgets of the BCR are also designed /developed to achieve the vision.

The main purpose of a vision statement is to link the current situation with the future potential of an area. As such a vision statement plays a central role throughout the various processes of the IDP. It guides the prioritisation of needs, the setting of objectives and the implementation of various strategies and projects. The vision statement should be brief, inspiring, realistic, relevant and mobilising. It is important to reflect on the vision and mission of the municipality as a reminder of the direction the municipality should take in deciding on programmes on projects.

The vision and mission of BCRM is:

VISION

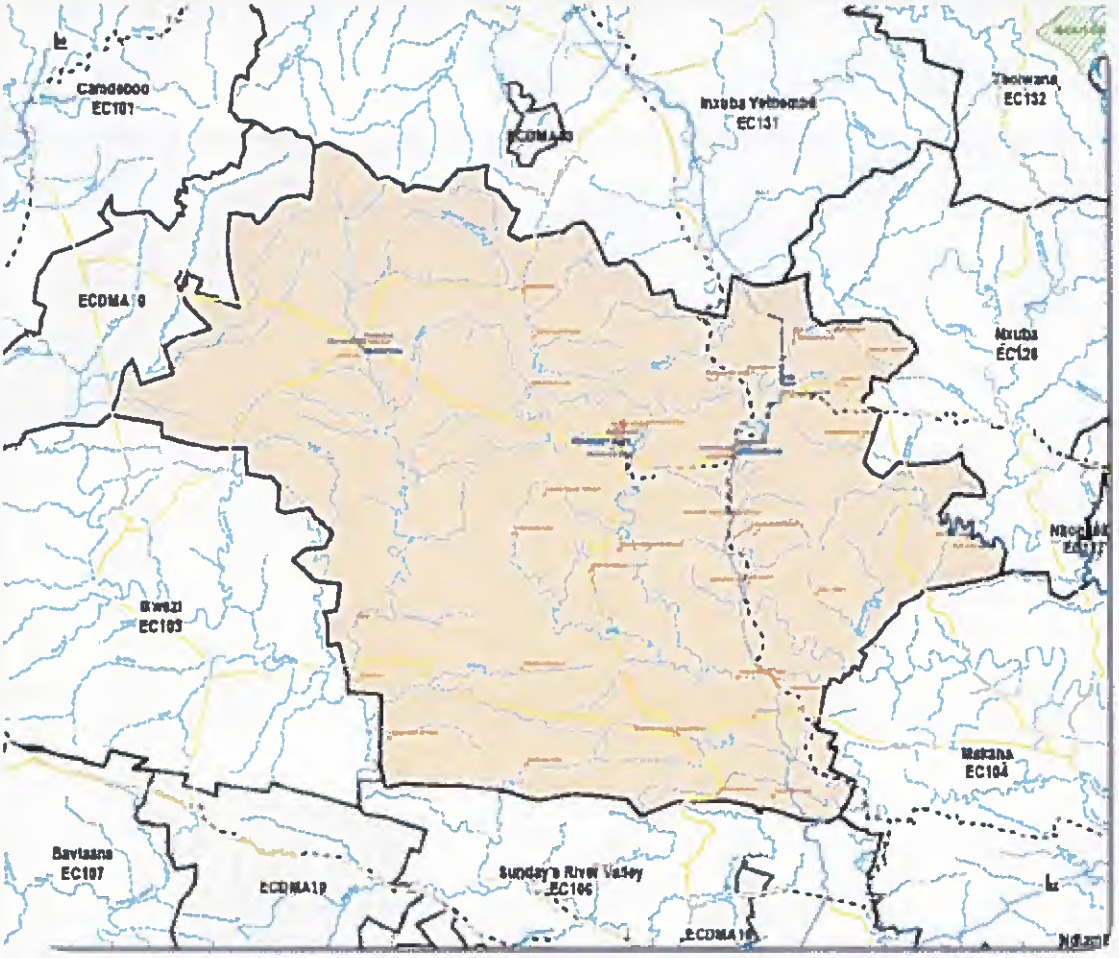
"A municipality that strives to provide a better life for all its citizens."

MISSION

Through responsible local government, zero tolerance for corruption and creating an environment for upliftment and sustainable economic growth."

Values

- Good governance;
- Accountability;
- Public Participation;
- People Development;
- Team work;
- Integrity;
- Tolerance;
- Honesty;
- Responsibility; and trust



The Blue Crane Route Municipality falls within the jurisdiction of the Sarah Baartman District Municipality. The Municipality's area is bordered on the North-east by Nxuba Municipality, North-west of Camdeboo municipality, South of Makana Municipality and the South-west of Sundays River Valley municipality. The Blue Crane Route Municipality is located at 67 Nojoli Street, Somerset East.

Eleven councillors have been elected and the seat of the municipality is situated in Somerset East. The Blue Crane Route area comprises of rural commercial farms with three (3) towns.

- Somerset East
- Cookhouse
- Pearston

The background data which is presented gives an introduction to the demographic make-up of BCRM. According to STATSSA-Census 2011, the total population of the municipality is 36 003 inhabitants.

Population Details									
									Population '000
Age	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	1 543	1 570	3 112	1 581	1 418	2 998	2 172	1 784	3 956
Age: 5 - 9	1 915	2 003	3 917	1 788	1 774	3 562	1 741	1 712	3 453
Age: 10 - 14	2 104	2 053	4 157	1 899	1 968	3 867	1 645	1 463	3 108
Age: 15 - 19	1 717	1 883	3 600	1 910	1941	3 851	1 558	1 615	3 173
Age: 20 - 24	1 500	1 591	3 090	1 351	1 476	2 827	1 428	1 432	2 859
Age: 25 - 29	1 259	1 315	2 573	1 396	1 431	2 827	1 401	1 359	2 760
Age: 30 - 34	1 193	1 351	2 544	1 183	1 255	2 439	1 150	1 163	2 314
Age: 35 - 39	1 072	1 202	2 274	1 201	1 368	2 569	1 189	1 247	2 436
Age: 40 - 44	958	976	1934	1 089	1 209	2 297	1 054	1 195	2 248
Age: 45 - 49	717	813	1 531	921	1 082	2 003	1 011	1 192	2 203
Age: 50 - 54	546	638	1184	709	839	1548	962	1 053	2 015
Age: 55 - 59	607	677	1 284	557	621	1 178	769	901	1 670
Age: 60 - 64	440	535	975	546	657	1203	570	714	1 284
Age: 65 - 69	387	454	840	359	436	795	414	517	931
Age: 70 - 74	230	318	548	251	359	610	320	457	777
Age: 75 - 79	151	215	366	141	231	372	152	239	391
Age: 80 - 84	52	128	180	106	160	266	80	162	242
85+	80	155	234	46	147	193	66	116	182
Total	**16 468**	**17 874**	**34 342**	**17 034**	**18 372**	**35 406**	**17 682**	**18 321**	**36 003**

The population of BCRM has increased by 595 people over the past 10 years. This is reflective of a 0.17% compound average population growth rate from 2001 to 2011.

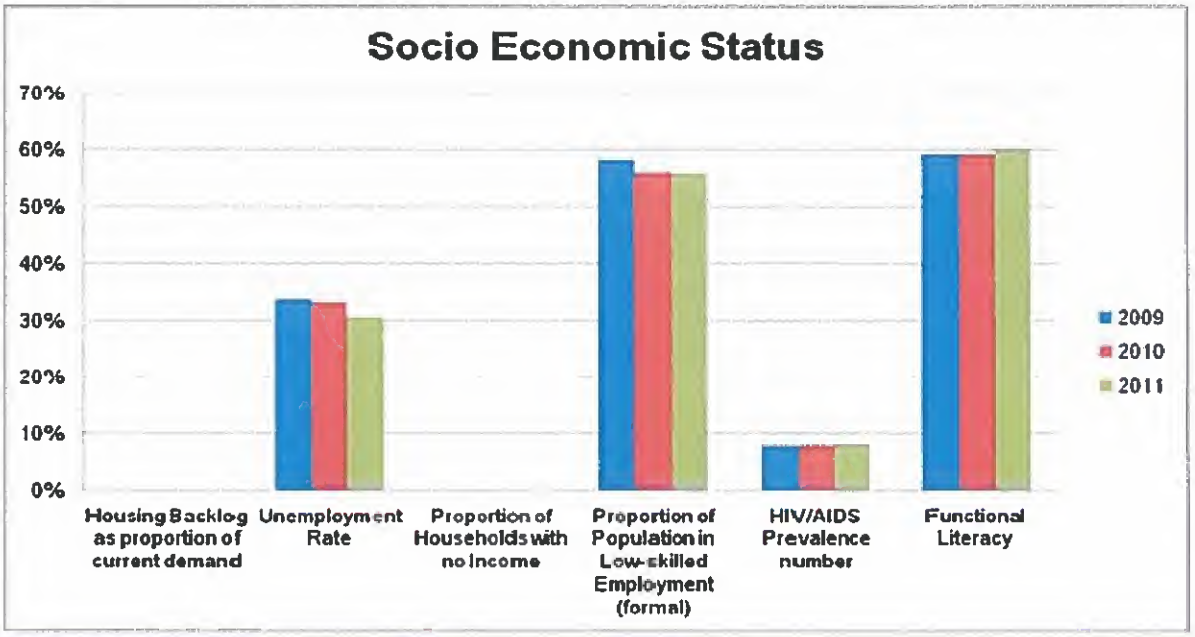
StatsSA 2011 reflects that 29% of the population are young and under 15 year of age, which requires intergovernmental planning efforts to jointly focus on improved education and providing sport and recreation facilities. Sport in particular plays an important part in youth development and relevant role-players should form partnerships to promote sport initiatives and youth programmes in Blue Crane Route. The high number of children could also be an indication of a dependency on child support grants.

DEMOGRAPHICS	BLUE CRANE ROUTE AREA (STATSSA 2001)	BLUE CRANE ROUTE AREA (STATSSA 2011)	%	GROWTH % p.a.
Population Grouping	**35 003**	**36 001**		
Africans	20861	21247	59.0	0.19
Coloured	11515	11888	33.0	0.32
White	2606	2453	6.8	-0.6
Indian/Asian	21	118	0.3	46.2
Other	0	295	0.8	
Head of Household: Gender	**9 595**	**9 761**		
Male	6 486	5 927	60.7	-0.9
Female	3 109	3 834	39.3	2.3

***Source**: StatsSA*

According to StatsSA a 7% increase has occurred, from 32% to 39%, in respect of female headed households between 2001 and 2011. The increase is relatively high considering that the population growth rate has been very low over a 10 year period and the male to female sex ratio has only risen marginally. This could be reflective of males migrating in search of employment opportunities outside of the municipal area or the occurrence of single mothers deciding to create a basis for their young with the option of marriage later in life.

A large segment (50.1% - StatsSA 2011) of the population speaks IsiXhosa, followed by 42.2% communicating in Afrikaans. Black South Africans account for 59% of the population, followed by 33% Coloured South Africans. Stats 2011 also indicates that 95.5% of the population were born in South Africa.



Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population In Low-skilled Employment (formal)	HIV/AIDS Prevalence number	Functional Literacy
2009	N/A	33.7%	N/A	58.2%	7.9%	59.3%
2010	N/A	33.2%	N/A	56.1%	8.1%	59.2%
2011	N/A	30.7%	N/A	56.0%	8.2%	60.0%
ECSECC Data 2011						

In terms of Socio Economic data, the table above illustrates a gradually declining unemployment rate (33, 7% in 2009 to 30, 7% 2011). This marginal decline does bode well for economic growth in the municipality however it still needs to be properly determined where the actual source of this employment is coming from. 56% of the labour force in the municipality is involved in low skilled labour thus earn relatively lower wages. This proportion has been declining though and thus represents the transformation of the local economy and the need for higher skilled labour force.

StatsSA 2011 reflects that poverty levels are high with 46.1% of the population not receiving any income, and a further 10.8% earn less than R801 per month, therefore technically falling under the poverty line. This is exacerbated by the fact that 65.7% of the potential labour force are not working. The population lack buying power which makes it difficult to exploit local economic development opportunities and the situation implies a high dependency on social grants. Interventions must be created and expedited to support poor communities.

The potential economic active labour force accounts for 60.2% of the total population which reinforces the need to boost the economy and stimulate job growth.

StatsSA indicates that 15.2% of the potential workforce is unemployed and a further 50.5% are not economically active in 2011. The remaining 34.3% of the labour force is employed. The overall dependency ratio is 56.8 persons per hundred population of working age. StatsSA 2011 also concludes that 1 953 of the youth in Blue Crane Route are unemployed.

Stats SA 2011 shows that 8.24% of the population over 20 years of age have not received any schooling. The figure is moderate and furthermore shows a decline or negative growth of -36.6% for the past decade (since 2001), when 4 088 or 19.6% of the population over 20 years had not undergone any schooling.

Overview of Neighbourhoods within Blue Crane Municipality		
Settlement Type	**Households**	**Population**
Towns		
Somerset East	**4 974**	**19 173**
Pearston	**1 229**	**5 933**
Cookhouse	**1 566**	**10 897**
Sub-Total	**7 769**	**36 003**
Townships		
Aeroville	1068	
New brighton	337	
Old location	357	
Chris hani	384	
Vosloodaal	269	
Westview	35	
Francis vale	343	
Mnandi	1022	
Sub-Total	3815	
Rural settlements		
Sub-Total	**611**	
Informal settlements		
	800	
Sub-Total	**800**	
Total	**9 180**	**36 003**
		T 1.2.6

1.3. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The municipality aims to provide services to the community that is affordable, yet at the same time ensuring that we remain financially sustainable. The municipality has been limiting rates, tariff and fees increases to 6% year on year for the past five years up until the Revenue Enhancement Strategy was developed and approved. This strategy pointed out, amongst other things, that the municipality needed to ensure that their billing is complete and accurate; the tariffs must be adjusted to be more cost reflective; and new revenue streams / fees must be explored as a matter of urgency to improve our internal revenue base. As a result, the municipality started to increase the property rates by 10% in 2015/16 and maintained the same for 2016/17 together with 9% increases for Water, Sewerage and Refuse Removal. The higher tariff increases could be considered to have been effected a little late as the municipality's cash surpluses have reduced drastically and the current budgets not being fully cash-backed. Despite the challenges, the municipality maintained positive cash balances throughout the financial year and closed the year off with a higher closing bank balance than the bank balance at the beginning of the year. The municipality should continue to cut costs and raise new revenue to improve the poor cost coverage and liquidity ratios.

Detailed information regarding the municipality's financial performance is available in Chapter 5 of the report.

COMMENT ON CAPITAL EXPENDITURE:

The municipality performed below average in the 2015/16 year as the Capital expenditure performance reduced from 86% in the 2014/15 year to 62% in the current year. The municipality adjusted the budget downwards from R 26 million to R 20 million in February 2016. Majority of the under-performance related to the late commencement of the construction of the Sport field in Bhongweni, Cookhouse and Khanyiso, Pearston, which only started in May 2016 due to the service providers being non-responsive in the first round of tenders. This amounted to R 4 million or 20% of the under-expenditure. The municipality could also not pay the final invoice of nearly R 1 million for the Somerset East WWTW as the project was not signed off as complete and this represented 5% of the under expenditure. The 10% balance of the under-performance related to internally funded projects of Community Services and Technical Services who has the largest share of the Capital Budget.

1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

The Blue Crane Route Municipality continues to continually review its Organisation Structure, Policies and Systems to respond to its developmental imperatives as encapsulated in the Integrated Developmental Plan (IDP). The Organisational Structure (Organogram) was reviewed and was subsequently adopted by Council. During the period under review, all senior management positions remained filled. All senior managers signed Performance Agreements and performance reviews are conducted on a quarterly basis. A lot of Human Resources and Administrative Policies were reviewed and were later adopted by Council. The BCRM also embarked on the review of its bylaws and these were subsequently adopted by Council.

All budgeted new positions have been filled. The new positions in the Organogram of Internal Auditor, Health and Safety Officer and Chief Fire Officer we filled. Budgeted positions in the Traffic Department were also filled. The position of the Manager: Supply Chain and Asset Management which became vacant due to the resignation of the previous incumbent was also filled.

During the period under review, the BCRM reviewed its Employment Equity Plan and an Employment Equity Steering Committee was established. Employment Equity reports are submitted to the Dept of Labour on an annual basis. A Health and Safety Committee was established and an Induction of its members conducted. On-Site and off-site training and development of staff and Councillors was undertaken. These included academic development programmes (i.e Certificate, Diploma and Degree) and also skills and capacity building programmes. The municipality also embarked on Code of Conduct awareness among employees covering most of the BCRM departments. These are to be continued in the other directorates during the next financial year. Capacity building of Supervisors on the Disciplinary Code and Grievance Procedure was also undertaken.

1.5. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July

2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	**September - October**
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	**January**
		T1.7.1

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The Blue Crane Route Municipality is a municipality with a plenary executive system combined with a ward participatory system and is governed by a plenary system of governance. This in effect means that the Decisions are taken at Council meetings through the process of resolving and or approving recommendations made at Standing Committees meetings level.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

Due to the nature of the municipality, Standing Committees and Council meetings are held bi-monthly. The following are the Standing Committees namely;

- Finance Standing Committee (Chaired by Cllr Majorie Scott)
- Corporate Services Standing Committee (Chaired by Cllr Bonisile Manxoweni)
- Technical Services Standing Committee (Chaired by Cllr Neliswa Yantolo)
- Community Services Standing Committee. (Chaired by Cllr Mendile Nontyi)

Blue Crane Route Municipality has established a Municipal Public Account Committee (MPAC) which is an Oversight Committee. MPAC is comprised of both ward and PR councillors, with a PR Councillor from the opposition party as the Chairperson. MPAC provides Council with comments and recommendations on the Annual Report.

POLITICAL STRUCTURE

MAYOR / SPEAKER
Name: Nontuthuzelo Marjorie Scott

CHIEF WHIP
Name: Mncedi Keith Mali

2.1 POLITICAL GOVERNANCE

COUNCILLORS

Blue Crane Route Municipality is comprised of eleven (11) Councilors; six (6) councilors are ward councilors, and five (5) proportional representative councilors. The Mayor was nominated from the five PR councilors. The ward councilors are responsible for the wards they are representing and PR councilors provide support to wards. Refer to **Appendix A** where a full list of Councilors can be found (including committee allocations and attendance at council meetings).

POLITICAL DECISION-TAKING

Political decisions and resolution are taken at the Council meeting. Decisions are taken by consensus or vote through majority of the councilors present at the meeting

2.2 ADMINISTRATIVE GOVERNANCE

The BCRM has the following Directorates in its organizational structure. These are i.e. Office of the Municipal Manager, Corporate Services, Community Services, Finance and Technical Services

TOP ADMINISTRATIVE STRUCTURE
MUNICIPAL MANAGER (ACCOUNTING OFFICER)
Name : Thabiso Klaas

DIRECTOR: Technical Services
Name : Ms Z. Ntile

DIRECTOR: Corporate Services
Name : Mr F.G. Cotani

DIRECTOR: Community Services
Name : Mr S.L. Mvunelwa

DIRECTOR: Financial Services
Name : Mr G.J. Goliath

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The concept of Integrated Development Planning (IDP) is embeddecf on the principle of co-operation amongst various spheres of government for the purpose of providing better co-ordination and services to the community. It is in this context that co-operative governance and inter-governmental relations becomes of utmost importance. The Blue Crane Route Municipality has a relatively functional Inter-Governmental Relations Forum (IGR). The IGR meetings are held on a quarterly basis and these are chaired by the Mayor. It is in these meetings that Sector Departments are able to share their development plans with the Blue Crane Route Municipality. The challenge going forward is the consistent absence by some departments in these IGR meetings.

2.3 INTERGOVERNMENTAL RELATIONS

The BCRM continues to work well with following national departments and associations and enjoys good relations. These are i.e

- South African Local Government Association (SALGA)
- Dept of Co-operative and Traditional Affairs (COGTA)
- National Treasury

- Dept of Trade and Industry
- Dept of Rural Development and Land Reform
- Dept of Energy
- Dept of Water and Sanitation

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality continues to participate and have good relations on matters ol mutual interest with various provincial government departments. These are i.e

- Office of the Premier (OTP)
- Premiers Co-ordinating Committee
- Dept of Social Development
- COGTA EC
- Provincial Treasury
- Department of Human Settlements
- SALGA EC

During the period under review, the BCRM hosted the Sarah Baartman Premier's Outreach Programme which was a resounding success.

RELATIONSHIPS WITH MUNICIPAL ENTITITIES

The BCRM has good relations with the Cacadu Development Agency (CDA). These relations were strengthened by the decision of the BCRM Council to dis-establish its previous entity, the BCDA. Currently the CDA oversees the co-ordination and implementation of BCRM Local Economic Developments programmes. This is managed through a Service Level Agreement (SLA) signed tween the two parties.

DISTRICT INTERGOVERNMENTAL STRUCTURES

The municipality enjoys good relations with our District Municipality, the Sarah Baartman District Municipality. Councillor Manxoweni is the BCRM Representative in the District Municipality. We participate in the following district IGR structures, these are i.e.

- District Mayor's Forum
- District MM's Forum
- DWIF
- District PMS Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public accountability and participation plays a very important and cardinal role in the promotion o democracy in local government. It is in this regard that during the year under review, the BCRM reviewed its Public Participation Strategy which was later workshopped with councillors and officials. The reviewed Public Participation Strategy was subsequently adopted by the BCRM Council. The BCRM uses the Ward Based Planning model to engage the community on matters related to the reviewal of the IDP. This places public accountability and participation at the basic level of community engagements.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

To enhance and improve effective communication, during the year under review the BCRM has employed a Media and Communication Officer. This has brought about improvement in the communication innovation and co-ordination of communication and events.

Various platforms are used to engage the community, encourage public participation and to ensure a participatory government. Public engagements are conducted throughout the year using different forums, meetings and events.

Forums:

Currently the municipality has two forums as means of public engagement which are IDP/Budget and PMS and Inter-Governmental Relations (IGR)

- **IDP/Budget and PMS Forum**

- The forum is functional; it seats once a quarter.
- It is chaired by the Mayor, M.N Scott and attended by Councilors, Community Development Workers and BCRM Management including key staffers ie Communications Officer, IGR Officer etc. And it is open to the members of the public.

- **IGR**

- Seats once a quarter in conjunction with the IDP/Budget and PMS Forum

Different forms of meeting seat with the municipality

- Committee Meetings

- The municipality has four committee meetings as per the directorates of the municipality (Not sure whether to mention them or not)
- They seat once a quarter and when there is a need.

- They are attended by all councilors, management and staff members of the said directorate

- Council Meetings

- Meetings seat once a quarter and when there is a need for a council resolution.
- They are attended chaired by the Mayor with all councilors, management and members

-Public/Community Meetings

- Public meetings are held in two ways; at times they are requested by the municipality to the community to address a certain issue that affects service delivery such water crisis or electricity cut. At other times they are requested by the public to the mayor/municipality to address any communal issue that they need addressed by the municipality/council.

The following structures have been established to enhance public participation, these are i.e

- Mayoral Outreach /Imbizo
- Ward Based Planning meetings
- IDP Representative Forum
- Inter- Governmental Relations (IGR) Forum
- Ward Committee
- Media
- BCRM websites

WARD COMMITTEES

Ward committees are meant to encourage participation by the community – their job is to make municipal council aware of the needs and concerns of residents and keep people informed of the activities of municipal council.

Ward committees are made up of a ward councilor and no more than ten people who are elected from the ward and who serve voluntarily for a five-year term. Municipal council must make rules regarding the election of ward committee members, including how often meetings take place, and the dissolution of ward committees.

The ward councilor is responsible for organizing meetings and setting the ward committee agendas (s. 72, 73, 77 of the Municipal Structures Act). If the ward councilor does not attend the meeting, the ward committee may set the agenda itself.

The municipality implemented the ward committee system and all wards were formally constituted however ward committees were not as effective in the financial year under review and this may be attributed to the fact that they were going towards the end of their terms. The area which had dysfunctional ward committees was in wards 1 and 6 in Cookhouse and this was caused by the heightened political activity.

Public Meetings						
Nature and Purpose of Meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community Members attending	Issues addressed (Yes/No)	Date and manner of feedback given to community
Ward 1 IDP/Budget Review	08/09/15	2	4	34	Yes	Draft budget meeting
Ward 1 IDP/Budget Review	26/04/16	2	6	80	Yes	
Ward 2 IDP/Budget Review	07/09/15	2	8	51	Yes	
Ward 2 IDP/Budget Review	25/04/16	1	7	44	Yes	
Ward 2 IDP/Budget Review	05/05/16	1	7	15	Yes	
Ward 3 IDP/Budget Review	09/09/15	1	5	46	Yes	
Ward 3 IDP/Budget Review	28/04/16	1	5	50	Yes	
Ward 4 IDP/Budget Review	09/09/15	2	6	63	Yes	
Ward 4 IDP/Budget Review	28/04/16	2	5	80	Yes	
Ward 5 IDP/Budget Review	10/09/15	2	6	53	Yes	
Ward 5 IDP/Budget Review	03/05/16	1	8	15	Yes	
Ward 5 IDP/Budget Review	04/05/16	2	8	47	Yes	
Ward 6 IDP/Budget Review	08/09/15	2	4	34	Yes	
Ward 6 IDP/Budget Review	26/04/16	3	7	36	Yes	
Draft Bylaw Reviewal – Ward 1&6	17/11/15	1	4	85	Yes	
Draft Bylaw Reviewal – Ward 4	19/11/15	1	3	14	Yes	
Draft Bylaw Reviewal – Ward 5	10/06/15	3	7	48	Yes	
Draft Bylaw Reviewal – Ward 2	24/05/16	3	3	3	Yes	
						T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The Public Meetings enabled the municipality to ensure maximum participation of communities in municipal decision making processes. The processes ensured that the municipality adopts its IDP and budget and the adoption of municipal bylaws as well.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes

Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
** Section 26 Municipal Systems Act 2000*	*T 2.5.1*

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The Municipal Council is the highest structure in terms of decision making. The Standing Committees are convened bimonthly and make recommendations to Council. The following governance structures are in place and these are: Audit Committee, Internal Audit and Municipal Public Account Committee (MPAC).

Blue Crane Route municipality has a functional Internal Audit Unit under the leadership of the Chief Audit Executive as from 01 July 2015. The Internal Audit unit is also staffed by one internal auditor and is on the process of recruiting two internal audit interns to assist with the many responsibilities of the Unit. Internal audit advises Management and the Audit Committee on issues of governance, risk management, internal controls, fraud prevention and compliance with legislation. The internal Audit of the municipality is fully independent as they report to the Audit Committee functionally and to the Municipal Manager administratively.

Blue Crane Route Municipality Council appointed 4 independent audit committee members in 2015/16 financial year. The Audit Committee has set at least 4 times for the financial year. The Audit Committee is responsible for advising management and Council on issues of financial management and reporting, internal control, risk management, Information Technology, performance management and fraud. The audit committee reports to council on a Quarterly basis with recommendations for improvements where there are deficiencies.

2.6 RISK MANAGEMENT

Blue Crane Route adopted an Enterprise Risk Management Framework that guided council and management in identifying, rating, responding, monitoring and evaluating as well communicating risks within the municipality. A strategic risk assessment workshop was held during the beginning of the financial year with the assistance of Internal Audit Unit. High risks, medium and low risks were identified within the risk appetite of the municipality and actions to mitigate risks were identified and captured on a risk register. The following risks were the high risks identified in the municipality:

a) Poor discipline of all employees affecting service delivery or productivity.
b) Non-compliance with applicable legislation, policies and procedures
c) Ageing infrastructure impacting on the quality and supply of water
d) Poor fleet management resulting in plant poor conditions that impact on waste management
e) Limited economic development within the municipal boundaries and failure to capitalise on revenue earning opportunities

The municipality is also planning to engage on operational risk assessment and response in the ensuing financial year ending 30 June 2017.

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The municipality approved a Fraud and Anti-Corruption Policy and Prevention Plan that was used as part of the internal controls for the financial year. The Fraud Prevention Policy made reference to implementation of financial internal controls, implementation of Human Resources Policies and commitment to Code of Conduct by both councillors and employees. The municipality made use of Internal Audit to review compliance with policies and legislations and deviation were reported to the Audit Committee that comprises of all competent and independent individuals. Internal Audit and the Audit Committee recommended improvements to all the weaknesses that were identified during the year. The municipality was however a victim of a syndicate that has been attacking the district and was unfortunately defrauded of R800 000 during January 2016. This case has been reported to the police and referred to the Commercial Crimes Unit. The case was also reported to all the required authorities as well the Audit Committee and The Auditor General. The case is still under investigation for further actions to be taken by Council. Supply Chain was identified as a weak area in terms of compliance with laws and regulations as well as monitoring of service providers. Recommendations were made on how to improve and management is currently reviewing policies and developing procedure manuals to deal with the anomalies. Recommendations made by the Audit Committee for the year 2016 are set out at **Appendix G**.

2.8 SUPPLY CHAIN MANAGEMENT

The Municipality has a Supply Chain Management Policy in place which was reviewed during the 2015/16 financial year and approved as a reviewed document on 30 May 2016. The objective of this policy is to provide a policy framework within which the Municipal Manager, Chief Financial Officer and

other Senior Managers must institute and maintain a Supply Chain Management System which is transparent, efficient, equitable, and competitive. The policy also ensures the principles of best value for money for the municipality is outlined; applies the highest possible ethical standards; and promotes local economic development. By adopting this policy the council further pledged itself and the municipal administration to the full support of the Proudly South African campaign and to the observance of all applicable national legislation, including specifically the:

- Preferential Procurement Policy Framework Act No. 5 of 2000 and its regulations;
- Broad Based Black Economic Empowerment Act. No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act; and
- Where applicable, the council also pledges itself to observe the requirements of the Construction Industry Development Board Act No. 38 of 2000 and its regulations.

Reports on the implementation of the SCM policy are submitted quarterly to the Accounting Officer; the Mayor; and Council. The last quarterly report was tabled to Council on 26 July 2016. The SCM Annual report on the implementation of the SCM policy for the 2015/16 financial year was submitted to the Accounting Officer; Mayor and the Council on 26 July 2016, according to the regulations.

The municipality employed the Manager: Supply Chain and Asset Management in June 2015 financial year, but the incumbent resigned and left the institution at the end of August 2015. The municipality then re-advertised the position and filled it with an internal incumbent that has led the section since 2010. The municipality is however yet to fill the incumbents previous post of procurement officer after the organogram is approved where we have proposed the post to be amended to be Accountant: Supply Chain Management. It is anticipated that when all the SCM posts are filled, the procurement processes will improve and the audit findings be reduced to a minimum

2.9 BY-LAWS

By-laws Introduced during Year					
Newly Developed	**Revised**	**Public Participation Conducted Prior to Adoption of Bylaws (Yes/No)**	**Dates of Public Participation**	**By-Laws Gazetted * (Yes/No)**	**Date of Publication**
Aerodrome	✓	Yes	23/10/2015 & 24/05/2016	No	
Community Fires Safety	✓	Yes	23/10/2015 & 24/05/2016	No	
Customer Care & Revenue Management	✓	Yes	23/10/2015 & 24/05/2016	No	
Fencing and Fences	✓	Yes	23/10/2015 & 24/05/2016	No	
Funeral Parlours, Cemeteries and Crematoria	✓	Yes	23/10/2015 & 24/05/2016	No	
Impounding of Animals	✓	Yes	23/10/2015 & 24/05/2016	No	
Liquor Selling	✓	Yes	23/10/2015 & 24/05/2016	No	
Outdoor Advertising and Signage		Yes	23/10/2015 & 24/05/2016	No	

Prevention and Suppression of Public Nuisances	✓	Yes	23/10/2015 & 24/05/2016	No	
Public Amenities	✓	Yes	23/10/2015 & 24/05/2016	No	
Roads and Traffic	✓	Yes	23/10/2015 & 24/05/2016	No	
Solid Waste Disposal	✓	Yes	23/10/2015 & 24/05/2016	No	
Sporting Facilities	✓	Yes	23/10/2015 & 24/05/2016	No	
Storm Water Management	✓	Yes	23/10/2015 & 24/05/2016	No	
Street Trading	✓	Yes	23/10/2015 & 24/05/2016	No	
Tariff		Yes	23/10/2015 & 24/05/2016	No	
Toll Parking Areas		Yes	23/10/2015 & 24/05/2016	No	
Water Supply and Sanitation Services	✓	Yes	23/10/2015 & 24/05/2016	No	
Spatial Planning and Land Use Management Act (SPLUMA)	✓	Yes	17 July 2015		

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

INTRODUCTION

Service delivery is at the forefront of what BCRM aims to achieve. It is vitally important that all municipal structures and entities are optimally harnessed in such a way that will make the delivery of services to the residents a reality. This chapter deals with service delivery of basic services over the past financial year and gives a detailed breakdown of the various activities, achievements and challenges that the municipality has faced with regards to service delivery. BCRM classifies basic services as Water, electricity, sewer, refuse services, infrastructure and housing.

This chapter gives an overall picture of where the municipality is placed in terms of this important function.

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

Service delivery is at the heart of what BCRM aims to achieve. It is vitally important that all municipal structures and entities are optimally harnessed in such a way that will make the delivery of services to the residents a reality. This chapter deals with service delivery of basic services over the past financial year and gives a detailed breakdown of the various activities, achievements and challenges that the municipality has faced with regards to service delivery. BCRM classifies basic services as Water, electricity, sewer, refuse services, infrastructure and housing.

3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

Somerset East

The bulk raw water supply for the town of Somerset East consist mainly of the extraction of Orange-Fish River Scheme water from the Somerset East Irrigation Sub-Area Canal (SEISA), supply from boreholes and supply from fountains and mountain runoff in the Bestershoek area. Raw water is extracted from the SEISA Canal where it is currently pumped to the Lake Bertie and Van der Walt dams where after it is purified at the Orange-Fish and Bestershoek Water Purification works at a rate of 94m^3/hr. The allocated extraction limit from the Canal is 100m^3/hr. The raw water supply has recently been upgraded to 252 m^2 / hr to the dams as mentioned above.

The Orange-Fish Purification Works was designed to treat a capacity of 54l/s, but can only achieve a maximum output of 45l/s. The total amount of raw water that was pumped from the SEISA Canal in the last year was measured to be Canal was approximately 300 000m^3 which is way above the registered volume of 144 000 m^3.

During rain, runoff water accumulates in the Bestershoek catchment area. The runoff supplies the Bestershoek Dam, which overflows into the Van Der Walt Dam lower down in the same valley. Overflow water from the Van Der Walt Dam is channelled to Lake Bertie. All three holding dams are earth dams. Lake Bertie is situated approximately 2.7km south east from the Van Der Walt Dam.

Several fountains draining from the Bestershoek Valley and mountains feed into the Bestershoek Dam. These fountains have been developed in the past and feeds down to the Bestershoek Dam in pipelines. During dry seasons or drought the yields of the fountains seized.

Raw water is extracted from the outlet structure of the Dam to the Bestershoek Purification Works beyond, by means of gravity. The incoming raw water supply is measured at the works. Raw water is also pumped from the Van Der Walt Dam lower down the valley to the Purification Works at Bestershoek having a purification capacity of 27l/s.

Cookhouse: Extraction from Hougham-Abrahamson Canal

The extraction from this point is by means of a pump system as well as from the upgraded Orange Fish canal gravity system. The water is extracted from the Hough Abrahamson canal by means of flooded suction from a sluiced take- off into the pump house from where it is pumped by means of a 150mm diameter pipeline to the water treatment works with a capacity of 53l/s. The length of the pipeline is measured to be approximately 1800m. An agreement existed between the Hougham-Abrahamson Irrigation Board and the Cookhouse Transitional Council for the extraction of a maximum of 100m^3/hr subject to a maximum of 365 000m^3/annum (29.2ha) of raw water . Currently the measured extraction rate is calculated to be approximately 52m^3/hr on average. The pump station is equipped with 2 pumps with 22kW electric motors with a maximum capacity of approximately 55m^3/hr.

No records of registration exist of the 40Ml retention dam at the new WTW.

Cookhouse: Extraction from Boschberg Canal

The Boschberg Canal was originally constructed - as a community scheme by the members of the Boschberg Sub-Area (formerly the Boschberg Irrigation Board) - to a capacity that was determined by the needs of the members. The Scheme was funded by the members. The Boschberg Canal feeds from the Orange-Fish River Canal and supplies water to its members downstream until it ends at the Van Aardt Dam adjacent to Cookhouse - privately owned by a local farmer.

With the serious shortage of portable water for the town of Cookhouse, the Cookhouse Local Council approached the Boschberg Sub-Area at the time regarding an interim agreement that the Council would be able to use "excess overflow water" not utilized at the time by the members of the Board. A verbal agreement was made that in exchange for assistance in maintaining the Canal and the sealing of the Van Aardt Dam, the Council could utilize the excess water. There is no evidence of any volumes mentioned.

The Council, as result of the "gentlemen's agreement", had a sluice distributor and a pipeline constructed from the end of the Boschberg Canal to the new water treatment works in Cookhouse. The pipeline is 315mm dia. uPVC. The Municipality made use of the excess water from the Boschberg Canal by means of this system, but could never rely on a guaranteed supply from the Canal. In 2005 the Blue Crane Municipality formally applied to the Department Of Water Affairs for an allocation of water via the Boschberg Canal. It was turned down by the Boschberg Sub-Area stating that no permanent excess capacity was available. They did however agree to temporarily assist should excess capacity be available.

NOTE: The above supply arrangements have been changed with the new direct gravity supply directly from the Orange Fish main canal.

Pearston: Extraction from Boreholes

The water supply to the town of Pearston is completely dependent on the supply of water from boreholes. In total five boreholes contributes to the bulk supply of water to the town.
The town of Pearston recently had three boreholes which did not have any details with regards to their safe yield data and depth. This has been rectified through a project to augment the Pearston water supply, which also established safe yield to ensure that the boreholes do not run dry.

Major challenges in Water Services and Remedial Actions
The following challenges are faced by the BCRM:

Pearston

Pearston obtains its water from boreholes only. Close monitoring of the abstraction is required to ensure sustainable and sufficient water supply on a long term for Pearston. Safe yield test results established on an ACIP project for Augmentation of Community Water Supply are a positive step towards borehole management, however data logging is needed to monitor the level of water in the boreholes for more accurate and reliable monitoring of the boreholes.

Pearston is Water Supply is also faced with a challenge of not being able to supply water during power outages as its abstraction is entirely dependent on electricity. Back up power has been proposed for some of the abstraction point to ensure constant, reliable water supply.

Somerset East

Water is obtained from surface water that is seasonal and rainfall dependant, as well as water from the Orange-Fish Irrigation Scheme. The town is dependent on the only reliable source, being the Orange-Fish Canal supply. A project has been completed and it's being implemented for a new bulk water pipeline to ensure that the town will be able to overcome any water shortage threats in the future.

Somerset East also faces a challenge of dilapidated water reticulation infrastructure and the use of cement asbestos pipeline which is a health hazard. However, BCRM is sourcing funding for upgrade of its infrastructure to remedy the backlogs and ensure uninterupted provision of basic service delivery of of good starndad.

Somerset East is also backed up by fountains which deposits straight to the westview reservoir and to the storage dam at Bestersoek. There five existing boreholes which are not utilised but can at any given time act as an emergency back for Somerset East. Somerset East also extract water from the canal at an amount approximately 3 times the registered amount of 204 000 m^3. Municipality needs to apply to DWS to increase the annual registered volume for abstraction from the canals.

Cookhouse

Due to the fact that Cookhouse was administered by the old Transnet, all assets and rights still resides with Transnet. The town is dependent on water from the Orange-Fish Irrigation Scheme and has no surface or borehole sources.

The present water supply to the town is not reliable, and a pipeline is recently completed from the Orange- Fish Scheme to secure sustainable water to the town. However this line is only approximately 35% of the bulk line to Cookhouse which needs an upgrade.

Cookhouse raw water supply is currently sourced from two canals to try and meet the demands of the Cookhouse area.The canals are Boschberg canal which is gravity feed to the plant and Hougham-Abrahamson canal which is equipped with two pumps, duty pump and a standby pump. Cookhouse has a registered volume of extraction from the canals of 144 000^3 but cuurently extract almost 5 times the registered volume.

Water losses

The total water losses in the municipality are estimated to be at 74 ML/annum. Domestic activities account for the largest amount of the water usage and losses thereof in Blue Crane Route Municipality, industries being the biggest user. According to available data, domestic water usage is

increasing by approximately 700 cubic meters per day for the financial years leading to 2013/2014. Industries have however seen an increase in water usage of approximately 50 cubic meters per day.

The municipal water balance is not as accurate as it should. Open space such as parks and sports fields are not metered and therefor used in these premises are accounted for as water losses or unaccounted for. Water used through fire hydrants is also not accounted for and contributes to non-revenue water or water losses. However, on construction/ upgrading of sports fields and parks projects or any other social amenities project, the water is metered and will be incorparated to the water balance sheet of the municipality. The municipality still needs to undertake water balance on a monthly basis to track abnormal water losses well in advance instead of the yearly water balance.

Projects

1. Augmentation of Pearston water supply
2. Drilling of new boreholes
3. Yield testing Pearston boreholes
4. Construction of a chlorine room at Orange Fish WTW
Construction of a chlorine room at Cookhouse WTW
6. Development water safety plan & water rource maintenance plan
7. Construction of backwash system

Maintenance:

1. Routine maintenance
2. Fixing of pipe burst
3. Annual cleaning of reservoirs
4. Fixing water and wastewater pumps
5. Fixing rotating bridges in Somerset East and Cookhouse WTW
6. Water safety plan and Water Resource maintenance plan were developed and approved by Council.

COMMENT ON WATER USE BY SECTOR:

Domestic activities account for the largest part of water usage in BCRM, industry being the second largest consumer. Agricultural activities are supplied by private boreholes in Blue Crane Route Municipality, with only electricity being supplied by the Municipality to the farmers.

Water Service Delivery Levels				Households
Description	2012/13	2013/14	2014/15	2015/16
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water: (above min level)				
Piped water inside dwelling	8 558	8 558	8 558	8 558
Piped water inside yard (but not in dwelling)	0	0	0	0
Using public tap (within 200m from dwelling)	350	350	350	350
Other water supply (within 200m)	0	0	0	0
Minimum Service Level and Above sub-total	8 908	8 908	8 908	8 908
Minimum Service Level and Above Percentage	100%	100%	100%	100%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	0	0	0	0
Other water supply (more than 200m from dwelling	0	0	0	0
No water supply	0	0	0	0
Below Minimum Service Level sub-total	0	0	0	0
Below Minimum Service Level Percentage	0%	0%	0%	0%
Total number of households*	8 908	8 908	8 908	8 908
** - To include informal settlements*				*T 3.1.3*

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

BCRM has experienced a number of challenges with regards to water services of these include the following:

• Pearston obtains its water from boreholes only. The augmented water supply in Pearston ensure that the town has constant and sustainable water supply. However, under the project to augment Pearston water supply, two boreholes were not connected due to budget constraints and therefor a follow up project has been initiated to complete phase two of water supply in Pearston. Pearston does not have surface water and entirely relies on borehole water, this means that the water supply in Pearston is dependent on mechanical means to abstract the water and to a certain extent for distribution of the water.

• Somerset East Water is obtained from surface water that is seasonal and rainfall dependent, as well as water from the Orange/Fish Irrigation Scheme. The town is dependent on the only reliable source, being the Orange/Fish Canal supply. A project has been completed and it's being implemented with a

new bulk water pipeline to ensure that the town will be able to overcome any water shortage threats in the future.

• Due to the fact that Cookhouse was administered by the old Transnet, all assets and rights still reside with Transnet. The town is dependent on water from the Orange/Fish Irrigation Scheme and has no surface or borehole sources. The present water supply to the town is not reliable, and a pipeline is required from the Orange-Fish Scheme to secure sustainable water to the town

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Sewer outfall is managed by various methods in the Blue Crane Route. Apart from the informal settlements and 5 House in Somerset East, the entire community of the Somerset East urban area is serviced with a waterborne sewer system. A substantial capital outlay has been budgeted for and is being spent; further provision must be made for upgrading the facility to a waterborne reticulation system. The BCRM has eradicating the Bucket System in line with the national priority requiring all bucket systems to be completely eradicated, however 5 buckets still exist in formal settlements and informal settlement still remain with the backlog mainly due unavailability of suitable land. The BCRM"s objective is to supply each consumer with full water borne sanitation system, if technically and financially feasible.

Sanitation Services delivery strategy and main role-players

As a WSP and a WSA, the Municipality takes full responsibility for sewage disposal and treatment in all towns.

Level and standards in Sanitation Services

BCRM has not eradicated all buckets and some residents in formal settlements and the entire infromal settlemets are still using buckets. BCRM is in the process of upgrading the bulk WWTW facilities in all towns and the status is as follows:

Pearston

The Municipality is in a process of seeking funding for an assessment of the Pearston WWTW and upgrade thereof based on the findings and growth patterns of the area. Currently the pond system being utilised is not able to effectively cope with influent of Pearston. The entire town/ surbub area in Pearston utilises septic tanks and needs to be connected to a waterbourne sewerage system. However, in order for these upgrades to be possible, the bulk capacity (in terms of treatment) should be adequate and therefor the Wastewater treatment plant in Pearston will need to be upgraded prior.

Somerset East

Residential reticulation in the town is old and requires intensive maintenance actions. The municipality has recently upgraded the pond system in Somerset East to an activated sludge system to cope with the hydraulic load of 2.5Ml per day and comply with Department of Water and Sanitation effluent requirements.

An additional funding of R 7 million was received from mig earmarked for Somerset East WWTW for construction of sludge drying beds. The scope of works for the drying beds have been reduced from 16 to 4 drying beds. This was determined by the additional funding received which will only be able to fund 4 drying beds instead of the planned 16 drying beds. The remainder of the sludge drying beds(12) will be constructed in the next phase. A Technical Report will be prepared and an application wil be done for MIG funding.

Cookhouse

The bulk WWTW needs to be upgraded and the project is under-design. MIG funds have been allocated to the project, but the progress has been retarded due to an EIA study that could not be completed in the past three years. However the Record of Approval has been granted and the municipality has also applied to DWS: RBIG for complete funding to be able to complete the project and unlock the housing backlog in Cookhouse from the perspective of bulk capacity of sanitation.

BCRM initiated an application for the complete upgrade of the plant to DWS: RBIG for funding. At the end of 2015/16 Municipal Financial Year, the Technical/ Design report was approved by DWS and recommended for funding by The Eastern Cape Apprasal Committee for water and wastewater related infrastructure projects.

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The Blue Crane Route Municipality waste water treatment facilities are generally overstressed and operating over capacity. The Municipality is however planning to upgrade the facilities and is currently busy with a construction of the Somerset East waste water treatment works and awaiting RoD of the EIA to begin with the upgrade of the Cookhouse waste water treatment works. The BCRM plans to eradicate all bucket systems and sceptic tanks within the municipality through the Department of Human Settlement within the next 5 years.

The Blue Crane Route Municipality waste water treatment facilities are generally overstressed and operating over capacity. The Municipality is however planning to upgrade the facilities and is currently busy with a procurement for second phase of the Somerset East waste water treatment works. The Cookhouse waste water treatment works project approved under MIG is due to commence towards the end of 2016/17 FY for fencing. The major phase of the plant, is still awaiting funding and the application was submitted to DSW: RBIG division for consideration and the design report was accepted and approved for implementation by DWS. The BCRM plans to eradicate all bucket systems and septic tanks within the municipality through the various programmes supported and funded by the Department of Human Settlement, more especially for formal house holds.

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The BCRM is a licensed distributor of Electricity within the area and is registered with NERSA licence number EC102. Electricity is being distributed by the Municipality to its consumers of about 8691. The Blue Crane Route Municipality has vast distribution networks consisting of a combination of urban and rural infrastructure to ensure a sustainable electricity supply to its consumers.
It is a challenging task to maintain this vast electrical infrastructure and expand, upgrade, or refurbish with the available funding. The agricultural sector is the biggest electricity consuming sector and is growing.

Maintenance of street lights

BCRM had a problem of street lights that were working day and night adding to the 24% losses. Material was bought and new control boxes were built and installed to control the street lights. Kwh meters were installed to measure consumption. Lighting switchgear was installed in Aeroville to reduce loading and correct a fault street lights that were constantly tripping.

BCRM procured vehicles for the electrical serviced department to speed up service delivery as well as response time to problems.

The electrical services department is in a process of auditing all kWh meters to establish the main source of the losses.

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Blue Crane Route Municipality's electricity covers an area of approximately 9900km2; this includes the three (3) towns, Somerset East, Cookhouse and Pearston, as well as an extensive farming community. The supply ranges from a full connection in rural and urban areas and prepaid to a ready board system, the Municipality has its own distribution licence to supply electricity to rural and urban areas within its boundaries. Our maximum demand hovers in the region of 15, 5 MVA.

Maintenance:

Maintenance was done in high masts lights in all the three towns
Street lights were repaired in the following areas:

- Francisvale
- Mahali
- Vosloodal
- Protea Crescent
- Belgravia

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

Refuse collection services are provided to all the residents of BCRM in Cookhouse, Pearston and Somerset East. There is a set schedule for the collection of household and business refuse. This type of waste is collected at least once a week in different days in residential areas of Somerset East. In Cookhouse and Pearston household and business refuse is collected Monday's only and the rest of the remaining days in that week are used to collect garden refuse.

The challenge with the collection of garden refuse is that it is not regulated by the municipality. Members of the community dump any day of the week and some dump big heaps. Some even create illegal dumps as they do not want to dump in front of their own properties and so they dump on the corners of the streets.

The municipality has included a 5 ton truck and a skidsteer in its 2016/17 capital budget. This will improve the collection of garden waste.

All three of the municipal solid waste disposal sites are permitted but none is managed according to the minimum requirements for landfill sites. Since the adoption and approval of the Integrated Waste Management Plan in 2008 by Council, the department has not been able to implement any recommended project to address waste management challenges. This is due to lack of funding as the municipality depends on MIG funding for big projects. With the help of the Sarah Baartman District Municipality, the IWMP is in the process of being reviewed to be finalised in the 2016/17 financial year.

The Department of Environmental Affairs through a Cokisa Consulting Company has assisted the municipality with a weigh pad and trained two youth to record waste volumes at the Somerset East landfill site. The other seven participants of the Youth Jobs in Waste Programme are involved in the environmental awareness campaigns to eradicate illegal dumps. These campaigns are planned to take place quarterly.

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The following are the waste management challenges as experienced by BCRM in the 2015/16 financial year.

1) Increased disciplinary hearings.
2) Constant breakdown of vehicles and machinery
3) Inadequate collection of revenue on refuse removal services
4) Businesses are using the public refuse drums for their waste to avoid paying for the extra waste generated.
5) Illegal dumping by members of the public still continues despite awareness campaigns conducted.
6) Poorly managed landfill sites due to lack of resources for maintenance

In order to overcome some of the above challenges, the following interventions were implemented in the financial year in questions

1) **Environmental Awareness campaigns** – These campaigns focused on educating members of the public on waste management issues and waste collection schedules of the municipality including the bylaws applicable. This is done in cooperation with the Community Works Programme participants, Youth Jobs in Waste participants, Environmental Health Practitioners and the Waste Management Section of the Municipality. There is quite an improvement in this area.
2) **Eradication of illegal dumps** - Illegal dumps are identified on continuous basis, cleaned and beautified. During these campaigns members of the public living closer to the dumps are encouraged to adopt these beautified spots and ensure that no one dumps again.
3) **Lobby funding for Recycling Initiatives** – At the moment recycling is done at a lower scale by a private company. The department embarked on lobbing funds to improve recycling initiatives so that there is very little waste that goes to the landfill sites. Through IWARS DTI has provisionally approved funding for the recycling project in the area. Three buy back centres will be established in the three towns. Some of the wheely bins will be distributed to schools during the 2016/17 awareness campaigns and schools will be encouraged to separate waste at source and sell the recyclables to the buy- back centres.

3.5 HOUSING

HOUSING SECTOR PLAN

The Municipality's has recently reviewed its Housing Sector Plan which was finalized in October 2014. The Housing Sector Plan was funded by the Department of Human Settlements in the Eastern Cape Province and was conducted by Gibb Engineering & Science Consultant. The Housing Sector Plan estimates the housing demand profile to be approximately 4800; this estimate is derived from the beneficiary information registered on the municipal housing office. The majority of the registered beneficiaries earns less than R3200.00 per month and can be assumed to qualify for the low cost housing subsidy.

The HSP indicate that the greatest need for housing is in Somerset East (2872) followed by Cookhouse (984) and lastly Pearston (667). Information from HOUSING

NEEDS REGISTER

There is a greatest need for middle-income housing, particularly in Somerset East. In light of the above attempts were made by Blue Crane Route Municipality (BCRM) and Eastern Cape Department of Human Settlements (ECDoHS) for an application to develop flats to accommodate the middle-income /rental stock at CRU area. Somerset East and Cookhouse have been experiencing a shortage of suitable land for housing development. There is a need for accommodation as a retaining strategy for professional staff employed in various capacities within the municipal area. .

Housing Needs Challenges

The main challenge facing BCRM remains the shortage of publicly owned and strategically located land for human settlement development. Most of the land parcels required is not in the municipal ownership and needs to be purchased. While a number of housing projects have been identified there is still a need for approximately 100 hectares of land to meet the current housing demand.

The area that is severely affected is Cookhouse as it is landlocked due to the fact that the large portion of land is owned by Transnet who have no intention of relinquishing the land despite the fact that they don't have any immediate plans for it.

The other impediments are the inadequate bulk provision (Electricity, water and sewerage). With regards to Wastewater Treatment Works a project is underway to upgrade the Somerset East facility and is scheduled for completion by the next financial year. The Cookhouse project is still at planning stages and will be implemented as soon as adequate funding is secured.

Water provision: phase 1 of the Cookhouse bulk water supply is finished and plans are in place for the second phase to commence as soon as funding is secured.
Plans for Pearston water provision are in place to investigate the option of diverting water from Orange River Canal for provision of sustainable water supply to Pearston.

Municipal Housing Profile

Approximately 74% of households live in formal residential dwellings and more than 58% earn below R3200 and would qualify for low cost housing subsidy. 5,1 % of households live in informal dwellings within the BCRM area and this in essence indicates that the number of informal settlements is smaller than most of the municipalities within the district. About 18% of households live in farms, forming part of the rural community. Approximately 35,4% of the households are headed by women while there are no child headed households. Currently the municipality does not have blocked projects

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

BCRM provides free basic services to those classified as indigent in the municipality. Families that are classified as indigent are determined by the municipality through an indigent policy. During the 2015/16 financial year, the threshold to qualify for Indigent Assistance was increase by a further R500 per household over and above the annual pension rate increase. The municipality maintains a register which allows it to document all those households needing access to free basic services. The indigent policy seeks to realise the following objectives:

- The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council. In this regard the Municipality is able to mitigate the impact of poverty and unemployment;
- The financial sustainability of free basic services through the determination of an appropriate tariff system that contributes to such sustainability through cross subsidization;
- Establishment of a framework for the identification and management of indigent households including a socio-economic analysis where necessary and an exit strategy;
- The provision of procedures and guidelines for the subsidization of basic charges and the provision of free basic energy to indigent households; and
- Co-operative governance with other spheres of government.

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

As reflected in the introductory remarks, the municipality provides indigent assistance to all households with an income less than two state pensions plus R500. The access to this assistance is through a formal application process whereby customers can apply personally at the Municipal Offices or participate in the annual Indigent Register Update programme where the municipality conducts visits to all wards to capture these applications.

During the year under review, the municipality conducted various Masakhane Outreaches from September 2016 up to June 2016. Field work was done by visiting Community Halls throughout this period whereby Masakhane awareness was created. These outreaches saw the Indigent register maintain its numbers from 3986 in July 2015 to 4383 in June 2016. Feedback sessions on the Indigent Register were done in June 2016 which led to the final adoption of the Indigent Register on 30 June 2016.

The Indigent Steering Committee (ISC) continued its seating during this financial year with four meetings being convened for the year. Although four meetings were convened, the municipality fell short of its target of 5 meetings for the year. The ISC is comprised of the Mayor, in her capacity as Finance Standing Committee Chairperson, as Chairperson; all 6 Ward Councillors; the 5 Community Development Workers (CDWs); and relevant Finance Department officials. The target is to continue with these meetings to improve the provision of Free Basic Services to the deserving community.

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

INTRODUCTION TO ROADS AND STORMWATER DRAINAGE

Roads form one of most basic infrastructural components necessary for development. A well-functioning and well maintained road network creates a positive economic environment influencing the economic activity of the area. In the context of the BCRM, the extent and quality of the existing road network has a significant impact on both the local economy and the community as a whole, since it fundamentally impact on the mobility of both people and produce into the area.

In an economic context, this specifically affects the agricultural related industries and tourism, in particular. If the road network is not sufficiently maintained it could have a negative influence on the potential growth rate of the leading economic sectors. The existing bitumen surfaced roads are deteriorating, as the Municipality does not have sufficient funding for road maintenance.

The general status of roads in the urban areas of Blue Crane Route ranges from tar surfaced in central business areas and higher income residential areas to gravel surfaced and graded roads in the middle and low income areas respectively. The maintenance of roads throughout the entire Blue Crane Route Municipal Area (urban and rural) is problematic due to the lack of funding. Urgent attention and funding is needed to address this problem.

The existing Storm water drainage is maintained and upgraded by the team on a weekly basis. The municipality's responsibility is to ensure that when there are heavy rains all the storm water drains are unblocked.

The projects implemented for the upgrading of gravel road, the municipality ensures that, it caters for the storm water gradient slope to re-route the water flow coming from the mountains to the nearby river.

Challenges experienced:

- The municipality's residential areas are below the mountains and most of the time it affects the roads and the driveways of houses. This gives the municipality the challenge of receiving complaints from the community members about their houses being damaged by the strong water flowing from those mountain falls.

- The budget is very limited to address all the stormwater drainage challenges because currently only using the maintenance budget which does not do much in addressing these issues.

- Most grant funding schemes only consider application for funding for previously disadvantaged areas. This leaves the municipality with a backlog in town areas as the municipality does not collect enough revenue to carry out complete maintenance of these areas.

Projects:

- Upgrading stormwater at taxi rank in Francis street.

Maintenance:

- Roads and stormwater maintenance i.e. fixing of potholes, construction of speed humps & driveways, fixing of kerbs and concrete channel, side walk, grading of gravel roads.
- Roads and stormwater maintenance plan was done and approved by Council.

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Municipal road infrastructure mainly composes of collectors and access roads (i.e. Class 4 & 5 roads), approximately 60% of the road infrastructure is gravel roads/ not surfaced. The municipality does not have sufficient budget for maintaining the existing road infrastructure and the current grant allocations are not sufficient to eradicate the road infrastructure backlog. The municipality is however considering other avenues to find the road infrastructure maintenance funds or upgrade funds.

BCRM is in the process of developing a business plan for the formulation of the Storm water Master Plan, to be able to address all the challenges of storm water drainage system in all the areas.

COMPONENT C: PLANNING AND DEVELOPMENT

3.8 INTRODUCTION TO ECONOMIC DEVELOPMENT

EPWP:

BCRM has received funding for job creation through EPWP incentive grant. This programme is targeted in creating jobs in a municipal area. This funding is allocated for each affected municipality through the department of public works. Reporting of jobs created is expected on a monthly basis from all Municipalities benefiting from this particular grant. BCRM has received this funding and has managed to create jobs in all areas of its jurisdiction.

The BCRM has managed to create 133 job opportunities as per the allocated funding for this financial year. The projects were intended to be labour intensive and there were no skills transferred as per the identified and implemented projects.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.9 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

Blue Crane Route Municipal libraries public library service at 6 circulating libraries across the Municipal area. Anyone may use these libraries, but only members may loan library material and use the internet.

The Library Service aims to provide information resources in various formats to the entire BCRM population, to foster a life-long reading culture. Such resources include information to develop skills and interests; educational material to both the formal and informal education system; recreational material for leisure; and cultural material adding to an understanding of other cultures.

1. Providing updated information to scholars and community.
All the libraries have computers for the public to use and 5 libraries have internet as well. All libraries have Wi-Fi. Measures are taken to improve performance by means of librarians assisting public and scholars in using the internet and other computer programmes. Colour printers and competitive prices for printing help to give good service.

2. Outreaches to adults and children.
All the libraries provide outreaches to pre-scholars weekly and 1 library provide outreach to the local Old Age Home every two weeks.
Measures taken to improve performance: some librarians read out loud to the illiterate at the Old Age Home and pre-school scholars. Outreach programmes are offered to the elderly in the form of handcrafts.

3.Educational programmes for pre-scholars and scholars

Educational programmes are held for pre-scholars every week supplied by all libraries.
Measures taken to improve performance: Story hour programmes equips the children for school readiness.

Holiday programmes are provided to keep the children actively occupied and out of the street.
These programmes ensure that every interested member of the community is reached and supplied with relevant information.

Support is given to the poverty stricken community by providing computers and books to improve their standard of living.

4.Construction of sport facilities

Municipality, under the MIG grant, commenced with planning and procurement process for construction of sport field each in Cookhouse and Somerset East. Construction commenced in May 2016. The scope of works for both projects was reduced to fit into the available budget. The playing code cratered for under the projects was only soccer with other codes to be considered in the phases of the project.

SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

6 Libraries placed in every community for the use of all the members.
6 Qualified librarians and 3 qualified teachers are in charge of the libraries
2 Assistant librarians assist the librarians in their work.

Paid-up Members consist of 1200 Adults and 2500 children
Every library have at least 15000 books
Circulation is 116386 books yearly

3.10 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

Blue Crane Route Municipality residents are still concentrating on only one method of burial which is digging of graves. Other methods of burial have not been fully explored especially amongst the black communities. With the increased number of funerals taking place weekly, the cemeteries are reaching its full capacity. It will be important for the communities to consider other methods of burial to ensure that cemeteries do not fill quickly.

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

BCRM has nine cemeteries in total. Only six of the nine cemeteries are officially operating. These are all three in Pearston, one in Cookhouse and two in Somerset East. The other three are full. The one cemetery in Cookhouse is about to reach its full capacity and that means a new site has been to identified soon to undergo all environmental processes to be authorised as a cemetery.

In Somerset East, a new site has already been identified in Aeroville to establish a new cemetery. All geotechnical studies, environmental studies and ground water studies were done and the site was recommended for a cemetery. The municipality is only received the Record of Decision (ROD) from the Department of Environmental Affairs in November 2014 and was extended in May 2016 for a further eighteen (18) months.

COMPONENT E: HEALTH

3.11 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONs, Etc OVERALL:

The Environmental Health Practitioners (EHPs) are responsible for Health inspections as part of their scope of practice. The scope of work includes;

- Water quality monitoring
  Food control
- Health surveillance of premises
- Surveillance and prevention of communicable diseases
- Waste management

The EHP's perform their functions within the BCRM area of jurisdiction reporting to council while at the same time reports are submitted to the district. The function is funded by the district through the SLA. The funding allocation by the district is based on a national formula that says one EHP per 15000 population.

Water quality monitoring is done monthly in terms of SANS 241 and all deviations are attended to and reported to the Technical Services for further intervention.

Food control is done through health inspections on food handling premises in terms of Food, Cosmetic and Disinfectant Act Regulations (ie R962). Those food handling premises that are not compliant with the Regulations are given notices to rectify the conditions with a specified timeframe. Health surveillance of premises is also conducted in the same manner.

Waste management is a function of the municipality and the EHP's ensure compliance with the Waste Act and also to prevent occurrence of diseases that could be as a result of waste not being properly

managed. The municipality has teams that do the actual collection, transportation and disposal of waste. The two units work together to ensure waste is managed in an acceptable manner.

COMPONENT F: SECURITY AND SAFETY

INTRODUCTION TO SECURITY & SAFETY

The vision of the security and safety is to protect and to serve the Community of BCRM. To deliver quality services through the 8 pillars of Batho Pele Principles. Render a services where the people we serve are put first and where officials go beyond the call of duty.

3.12 TRAFFIC SERVICES

Traffic Services is currently providing the following services;

1. Registering Authority (Motor Vehicle Registration and Licensing, including Motor Vehicle Testing for Roadworthiness. – The VTS are rendering a free Scholar Transport Roadworthy Test prior to the commencement of a new school Term. The E-Natis Clerks are fully trained.
2. Driver License Testing Centre (Learner License Venue and Drivers' License Barn, manned by Qualified Examiners. – The DLTC services have a complement of 5 Examiners which is contributing positive in our quest for Services Delivery. The DLTC is not only serving the BCRM Community however the surrounding communities as well.

Road Traffic Safety Programs for all within BCRM area, starting at school level up to adulthood, presenting different programs as per the different levels. – The Traffic Services have extended the services to all schools in the form of scholar patrol where needed and School leavers to all Senior schools within the BCRM area, to ensure that we create better and safe road users. Law Enforcement Section strives to take the town back and do away with all lawlessness

3.13 FIRE

INTRODUCTION TO FIRE SERVICES

The year 2015/2016 generally had a significant increase in incidents mainly informal dwelling and formal dwelling fires and vegetation fires. We also continued with our Community Awareness and education on-going programmes at hospitals, retirement villages schools, clinics, etc as well as meetings with the service provider Aurecon regarding ward based Risk Assessments conducted during the month of June 2016, which will inform our disaster management plan.

1. CRITICAL ASPECTS NEEDING ATTENTION

- On-going use of Fire Tender as water tanker for drought relief is posing very high risk with regards to serious delays in response times
- Also the absence of a control room and control room staff contributes to a further delay in response time of which can result in serious repercussions for council. Also nonexistence of telephone lines and internet access at fire station.
- During the month of May 2016 approximately 6 light aircrafts including an 18 seater, other than the 3 aircrafts of the flying school Progress landed at Aeroville airfield please note with the absence of a Rapid intervention foam vehicle and adequate foam supplies any eventuality of a plane crash can result in some major disaster. We as the fire service are not adequately equipped.

1.1 INCIDENTS

Quarter/dates	TYPE	NO	FATALITIES	DESCRIPTION
Q1 July-September 2015	Informal dwelling Dwelling/building Mva Haz Vegetation	2 4 1 0 18		2 Dwellings and 1 building burnt during this quarter 2 x rubbish fires,16 vegetation fires
Q2 October_-December 2015	Informal dwelling Dwelling Mva Haz Vegetation Other	8 1 1 0 20 1	2	1 fatality shack fire 1 fatality in an mva 1 electrical fire
Q3 January – March 2016	Informal dwelling Dwelling Mva Vegetation Other	1 3 0 12 1	0	No hazmat incidents 1 electrical fire
Q4 April -June 2016	Inform dwelling Dwelling MVA Hazmet Vegetation Aircraft	3 2 2 0 12 1	2	1 Male adults died in a shack fire 1 light aircraft crashed into the fence at airport in aeroville whilst landing
Totals	Average response times 13 min,rural 47 min	92	4	

Water delivery/drought relief

Quarter/date	No of Trips	Quantity in litres	Kilometres
Q 1 July-September 2015	11	55 000	473
Q2 Oct-December 2015	21	105 000	1091
Q3 Jan-March 2016	31	155 000	833
Q4 Mar- June 2016	29	145 000	2140
Totals	93	460 000	4537

COMMUNITY AWARENESS PROGRAMMES

A number of institutions were visited where fire and disaster management awareness on these areas was conducted as part of the Department's precautionary and preventative risk reduction strategy.

PERIOD/QUARTER	TYPE AND NUMBER OF INSTITUITIONS	NUMBER OF PARTICIPANTS	DESCRIPTION OF PARTICIPANTS
Q1 July-September 2015	2 x schools 1 x clinic	1292 56	1250 students and 42 teachers 40 community members,6 nurses,10 support staff
Q2 October -December 2015	3x farm schools	110	103 students and 7 teachers
Q3 January -March 2016	2 x schools	443	1 farm school and 1school in town 425 students 18 teachers
Q4 April -June 2016 **Totals**	1x school 2x clinics **12**	547 73 **2521**	533 students,14 teachers 56 public,17 staff

COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.14 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resources section provides the following functions:

- **Human Resources Provisioning comprise of;**
    - Human Resources Planning
    - Recruitment and Selection,
    - Staff Placement,
    - Induction and career pathing.
    - Overall HR staff Management/Supervision
    - Outlining the relevant policy/legislation to council and municipality
    - Interpret and implements labour legislation for the institution
    - Advises Directorates on procedures to follow in terms of correctional action.
    - Co-ordinates the job evaluation process of the institution.
    - JD Development, Maintains and updates Organizational Development
- **Human resources development comprises of:**
    - Implement Organizational, Provincial and National strategies
    - Co-ordinate Councillors, Management and Staff development programs
    - Skills development
    - Employment equity
    - Provide a career management service
    - Administer state sponsored studies/bursaries
    - Implement Learnership and Internship programs
- **Labour Relations**
  Responsible for the following: -
    - Develop organizational labour relations strategy and policy
    - Provide a labour relations support to line function, including a support of their responsibility to the municipality
    - Provide advice and guidance to staff in respect of labour issue
    - Manage disputes and grievance resolution mechanisms
    - Administer all discipline processes (including investigations)
    - Facilitate departmental collective bargaining
    - Provide a translation service of all human resource activities

- **Functionality of the Local Labour Forum**

Good labour relations in municipalities is a legislative imperative that must be nurtured and sustained at all costs as failure to do so may have a direct impact on the levels and quality of service delivery. The local labour forum is well functioning in the municipality as all scheduled meetings were convened. Two capabilities session were organized with SALGBC to capacitate members on the functionality of the LLF. This has significantly improved relations and the nature of items that are brought to LLF for deliberation.

⇨ **Review of the organogram and Filling of critical and vacant posts**

All Section 56 and 57 position together with critical vacancies has been filled. Additional to senior management positions the following positions has since been filled; Head Electrician, PMU Manager, Occupational Health and Safety Officer, Manager: Supply Chain & Asset Management, Chief Traffic Officer, Chief Fire Officer and Accountant: Asset, Fleet & Liability Management. The filling of the outstanding vacancies will be done as soon the prioritization process, costing and budgeting exercise has been completed.

The municipality was assisted by CoGTA-EC in reviewing its current organisational structure and the organogram will be adopted in the beginning of the next financial year.

⇨ **Adherence to Code of Conduct**

The municipality is strictly adhering to code of conduct for Councillors and officials. All Councillors are required to sign code of conduct and have all signed codes of conduct for this current financial year.

The municipality developed an implementation plan for all municipal employees to sign code of conduct in the following manner and the plan was fully complied with;

Quarter 1: Corporate Service, Finance and Municipal Manager's Office.
Quarter 2: Community Services
Quarter 3: Technical Services

⇨ **Formulation of job descriptions**

The recent assessment conducted by the municipality has proven that the majority of employees do not have job descriptions and this has been like this since the amalgamation of municipalities. This situation has resulted to the Auditor General raising a query on this matter. The council has since approved a process of rectifying the situation by appointing a service provider who undertook to develop and review job descriptions for all job categories in the municipality before the end of the current financial year. The municipality had since appointed Ayabulela Consulting and Ukhozi Consulting who have completed the project and submitted a close out report on the 2nd June 2016.

⇨ **Implementation of job evaluation**

The municipality is participating in the SALGA initiated process of implementing job evaluation system. The Sarah Baartman District Municipality is responsible for establishing a Job Evaluation Unit which will coordinate the implementation of the system for all municipalities

falling under the district. BCRM is participating in all the activities and has complied with all the requirements.

⇨ **Human Resource Plan (HR Plan)**

CoGTA-EC assisted the municipality in the formulation of the human resource plan and was adopted on the 30th June 2015. CoGTA-EC also assisted with the formulation of an implementation plan which has since been implemented. The process was widely consultative and involved all relevant stakeholders including labor as they are a critical stakeholder in this regard.

The document outlines how the municipality will achieve the objective of the IDP through optimal utilization of human resource. Integrating the key following enabling instruments;

- Job description formulation and reviewal
- Job Evaluation process
- Institutional policy development and reviewal
- Reviewal of the Organisational Structure
- Staff training through Workplace Skills Plan
- Institutionalisation of Occupational Health and Safety
- Employee Wellness Program, and
- Employee Equity Plan

BLUE CRANE ROUTE MUNICIPALITY

LIST OF EMPLOYEES ON A CASUAL AND FIXED TERM CONTRACT EMPLOYMENT OF CASUAL EMPLOYEES FROM JANUARY TO JUNE 2016

NUMBER	Date	POSITIONS	DEPARTMENT
2	20 – 28 January 2016	Casuals: Folding of Municipal Accounts Casuals	Financial Services Department
4	04 January 2016 – 04 February 2016	Casuals: Contract Drivers (Renewal of Contracts)	Technical Services Department
4	5 January 2016 – 5 April 2016	Renewal of Casual Process Controllers Contracts	Technical Services Department
3	4 – 18 January 2016	Casuals: Cleaner / Messengers	Financial Services Department, Corporate Services Department and MM's Office
16	1 January 2016 – 31 March 2016	Casual Electro – Mechanical Services	Technical Services Department
12	18 January 2016 – 30 March 2016	Casuals: Maintenance Of Water & Waste Water Treatment Works in BCRM	Technical Services Department
2	6 – 13 January 2016	Casuals: Secretary Corporate Services	Corporate Services Department
1	1 – 29 January 2016	Pensioner's Casual	Technical Services Department

		Contract	(Pearston)
1	1 January 2016 – 31 December 2018	Manager: Project Management Unit	Technical Services Department
1	20 April 2016 – 6 May 2016	Casual: Meter Reader	Financial Service Department
4	1 – 30 April 2016	Casuals: Contract Drivers (Renewal of Contracts)	Technical Services Department
2	22 – 29th April 2016	Casuals: Municipal Accounts Folders	Financial Services Department
1	1 April 2016 – 30 September 2016	LED Assistant	Municipal Manager's Office
8	28 April 2016 – 5 May 2016	Casuals: Distributors of Municipal Accounts Somerset East 5, Cookhouse 2, Pearston 1	Financial Services Department
13	1 April 2016 – 30 June 2016	Casuals: General Workers Electro-Mechanical Services	Technical Services Department
3	1 – 30 April 2016	Casuals: Process Controllers	Technical Services Department
1	1 April 2016 – 30 June 2016	Casual: HR Assistant (Intern)	Corporate Services Department
TOTAL: 78			

LIST OF EMPLOYEES ON A FIXED TERM CONTRACT

POSITION	INCUMBENT	TIMEFRAME
Municipal Manager	Mr. Thabiso Klaas	Contract ends August 2017
Director Community Services	Mr. Sizwe Mvunelwa	Contract ends August 2017
Director Corporate Services	Mr. Fezekile Cotani	Contract ends August 2017
Director Financial Services (CFO)	Mr. Gerard Goliath	Contract ends August 2017
Director Technical Services	Ms. Zukiswa Ntile	Contract ends August 2017

⇨ **Employment of Employees on a casual and fixed term contract**

The employment of casual has been a major problem area as community members are always suspicious of any process that does not favor them. The municipality has commissioned the development of a policy to regulate the employment of casual which will lead to the development of jobseeker's database. The database will ensure that opportunities are given to all deserving residents on a fair and equitable manner. The policy will take effect from the beginning of the next financial year.

⇨ **Skills Development Programs**

The Skill Development Act requires that all employers, including municipalities, must develop a Workplace Skills Plan (WSP). The WSP is developed indicating the skills gaps, analysis and attributes identified in a particular year. This is also in line with Objective 2 of the National

Skills Development Strategy, which advocates for "Promoting and accelerating quality training for all in the workplace". The WSP outlines the training capacity building programs to address the gaps and build capacity. The program consists of a skill program which is occupational based and the learnerships which are made up of structured learning component. Every year the Blue Crane Route Municipality develops a WSP indicating the skills gaps, training and capacity building programs. This is to ensure that staff members involved in both skills and learnership programs to build their capacity and enable them to respond to the needs of the community with confidence. In order to achieve this objective, the municipality conducts skills audit where all employee's complete skills audit questionnaires which gets translated into a skills audit profile of the municipality.

⇨ **Training and Development**

The municipality is developing Human Resources Management Policies that will ensure that all training and development initiatives for Administrative Staff and Political office bearers must be properly planned, programmed and administered and their results reviewed in order to determine-

(a) How training methodologies and programme content can be improved;

(b) To what extent a particular programme has supplied the needs of the individual learners who completed it and the Municipality;

(c) How maximum benefit can be obtained from resources devoted to training and development;

(d) How procurement and development of training programmes can be improved; and

(e) What impact completion of a programme had on the performance of a learner.

All Senior Managers, Finance and Supply Chain Management Officials possess necessary competencies as prescribed in the relevant legislation. The municipality will ensure that all senior managers are assessed at year end in order to correct the anomaly which is not in practice at the moment.

⇨ **Employment Equity**

The Employment Equity Act prescribes that every designated employer must formulate an Employment Equity Plan. This calls for the municipality to develop a policy defining its employment equity practices. The municipality has an existing employment equity policy which is due for reviewal soon as it has been adopted in 2012. The purpose of the employment equity is to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through elimination of unfair discrimination. Also to implement affirmative action measures to redress the disadvantages employment experienced by designated groups in order to ensure their equitable representation in all occupational categories in the workplace. The municipality is in the process of developing an employment equity plan which is currently in draft form and is scheduled for implementation by the end of the current financial year. The municipality has been reporting regularly to the department of labor despite having a draft employment equity plan.

⇨ **Dealing with critical and scarce skills**

The municipality is developing a policy to deal with scarce skills and to cover the following fundamental principles:

- To determine the strategic and operational needs of the organization
- Strategies to attract and retain critical expertise in certain fields
- Adhering to the requirements of Employment Equity
- To apply skills transfer

The policy will be adopted by the end of the current financial year and implemented in the next financial year.

⇨ **Career Opportunities, Succession Planning and Rapid Progression**

The Municipality has a sound staffing strategy and that it takes steps to retain staff in general and in particular those employees that-

(a) Show potential;

(b) Competently occupy key positions;

(c) Possess scarce or specialised skills and knowledge; or

(d) Are Black, female or disabled.

Objectives

The objectives of this policy are-

(a) To create an ongoing supply of well trained, broadly experienced and motivated employees who are ready to step into key positions as may be needed from time to time.

(b) To ensure alignment between the career goals of individual employees and the goals of the Municipality.

(c) To establish special programmes to expose employees mentioned in paragraph 17.1 to a variety of job experiences and familiarise them with the Municipality's processes and systems.

(d) To align the future staffing needs of the Municipality with the current availability of appropriate resources within the Municipality.

(e) To define employee career paths, which will help the Municipality to train and retain a pool of suitably qualified employees.

This and other policies will be implemented as soon as council adopts Human Resources Management Policies scheduled for tabling to the council meeting at the end of May 2016.

- **Attraction and Retention Policy**

The municipality is in the process of developing Human Resources Management Policies which amongst others include the Attraction and Retention Policy.

The purpose of this policy and strategy is to provide guidelines that will assist the Municipality in attracting and retaining personnel with competencies that are necessary for the realization of municipal goals in line with its vision for long term development and transformation as envisaged in the municipality's Integrated Development Plan.

The policy will be implemented as soon as it is adopted by Council scheduled for the end of May 2016.

- **Performance management**

The municipality has adopted a performance management system however it is only senior management and those officials directly reporting to senior managers who are performance managed. The municipality will cascade the system to the rest of the institution at the beginning of the next financial year. Consultations are undertaken with employee representative on the modalities of implementing the system.

- **Administrative matters**

The Human Resources section is currently conducting an audit of personnel files ensuring that all necessary documents are in place and in order. Another audit is the leave management system in order to introduce new measures that will ensure a credible leave management system. The municipality is developing a new induction program in order to improve on the current system which is in operation and does not give much better value.

- **Occupational Health and Safety**

The municipality does not have an Occupational Health and Safety Officer as per requirements of the labour legislation. This has led to non-compliance with the department of labour. Significant steps were undertaken which led to the appointment of a consultant who assisted the municipality to develop a framework for the institutionalization of OHS in the organization. OHS Officer will be appointed in the fourth quarter of the current financial year.

- **Employee Wellness Programs**

The Blue Crane Route Municipality has a commitment to ensure a health, safety and welfare of all employees at work. The municipality adopted the Employee Wellness Program in 2012 with the intention of providing internal and external professional, confidential assistance to employees. The municipality has developed an internal newsletter which will help to provide educational support on various matters affecting employees both in the workplace and at home. A range of sustainable employee wellness programs have been developed for implementation next financial year.

⇨ **Compliance Requirements**

The municipality has developed a legislative compliance checklist in order to ensure that all relevant legislations are complied with. The compliance checklist involves the development of Standard Operating Procedures for various functions of Human Resources Section including amongst others the Recruitment and Selection, leave management, Payroll administration to mention just a few.

3.15 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information and Communication Technology is one of the key assets of our Municipality. ICT the people, processes, infrastructure and information is embedded across the Municipality creating an enterprise wide community of owners and stakeholders. As a major investment ICT is expected to deliver value and has been found to be influenced by a stream of diverse tactical initiatives.

The primary purpose of the ICT is to provide Information and Communication Technology services to the Municipality so that the community as our main customers receive the best possible services from the municipality.

The major role of ICT section is to Implement IT Best Practices to promote good IT governance in our municipality. To Provide ICT Solutions That Respond to Customer Needs, Develop and Sustain ICT Infrastructure That Will Facilitate Effective Service Delivery and to effectively and efficiently provide ICT services which facilitate the achievement of Municipality's strategic goals.

The IT Steering Committee (ITSC) oversees the information technology investment priorities for Blue Crane Route Municipality. The IT Steering committee's assists the Council in overseeing IT-Related activities. Members of the ITSC are appointed by Municipal manager and are accountable to the Council. To ensure functionality of the IT steering committee this committee meets quarterly.

In 2015/16 financial year the IT steering committee focused on ICT Governance by ensuring reliable efficient and effective ICT function. The two main priorities were:

1) Functioning of the Steering committee
2) Implementation of ICT policies.

1) Operational Steering Committee

To ensure that our Steering committee is functional quarterly meeting were scheduled for the committee and all 4 meetings did take place as required and major IT decisions were taken.

2) ICT Policies

In addressing ICT Governance and strengthening the security of our systems seven (7) policies were adopted and approved by council.

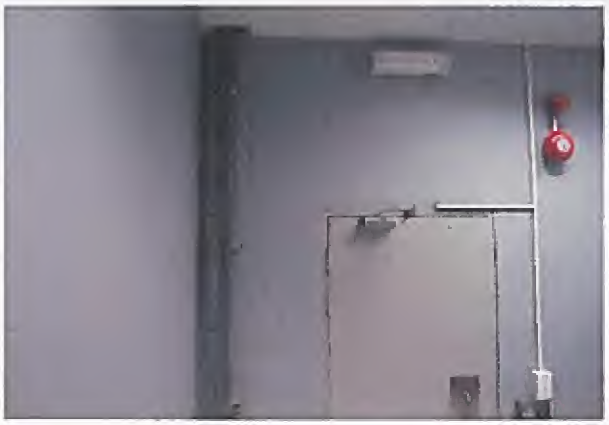
These policies are:

1) Internet and email policy
2) IT Network security policy
3) IT Data and Systems security policy
4) Data Recovery policy and Disaster Recovery Plan
5) Social media Policy
6) IT Program Change Management Policy
7) BCRM Corporate Governance of Information and Technology policy

One of the major capital projects of ICT in 2015/16 financial year was the construction of the first phase of the data centre as part of upgrading the IT infrastructure to a Tier 11 standard and to improve performance. This project has amounted to **R382,000.00.**

The upgrades entail the following work

- 2 - hour fire rated door
- Raised floor
- Redundant air conditioning
- Server cabinet
- Suspended Ceiling



COMPONENT H: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes the Annual Performance Scorecard Report for the 2015/2016 financial year.

The above report is attached as an Appendix directly after Appendix L.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: MANAGING THE MUNICIPAL WORKFORCE

4.1 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality has undertaken various programs to ensure compliance with legislative provisions. The following programs were implemented by the organisation;

- Human Resource Plan – the municipality was assisted by CoGTA to develop the plan and was consulted broadly with various stakeholders including labour.
- Human Resource Policies – the municipality has adopted HR Policies at the end of May 2016 and an implementation plan will be adopted by management in the first quarter of the next financial year.
- Job Description formulation and review – the municipality had not undertaken the project after the amalgamation of town based municipalities. A service provider was appointed to conduct this process and was successfully completed at the beginning of June 2016.
- Job Evaluation process – the municipality is participating in the job evaluation process whose unit is centralised in the Sarah Baartman District Municipality. The process will commence soon now that the job description formulation reviewal process is completed.
- Employment Equity Plan and Reporting – The municipality developed and adopted Employment Equity Plan which was adopted at the beginning of this current financial year. The municipality has been reporting to the Department of Labour despite the fact that there was no plan in place. The plan will end in 2017.

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	100		October 2012
2	Attraction and Retention	100		31 May 2016
3	Code of Conduct for employees	100		October 2012
4	Delegations, Authorisation & Responsibility	100		October 2012
5	Disciplinary Code and Procedures	100		October 2012
6	Essential Services	100		31 May 2016
7	Employee Assistance / Wellness	100		May 2006
8	Employment Equity	100		October 2012
9	Exit Management	100		31 May 2016
10	Grievance Procedures	100		October 2012
11	HIV/Aids	100		October 2012
12	Human Resource and Development	100		October 2012
13	Information Technology	100		October 2012
14	Job Evaluation	100		April 2012
15	Leave	100		October 2012
16	Occupational Health and Safety	100		October 2012
17	Official Housing	0		
18	Official Journeys	100		October 2012
19	Official transport to attend Funerals	100		31 May 2016
20	Official Working Hours and Overtime	100		31 May 2016
21	Organisational Rights	100		October 2012
22	Payroll Deductions	100		31 May 2016
23	Performance Management and Development	100		April 2014
24	Recruitment, Selection and Appointments	100		October 2012 & 31/05/16
25	Resettlement	0		
26	Sexual Harassment	100		October 2012
27	Skills Development	100		October 2012
28	Smoking	100		October 2012
29	Special Skills	0		
30	Work Organisation	0		
31	Uniform and Protective Clothing	0		
Use name of local policies if different from above and at any other HR policies not listed				*T. 4.2.1*

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The municipality adopted HR policies on the 31st May 2016

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4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finished**
Senior HR Officer	Contravene schedule 2 of Code of Conduct for Municipal Staff members clause 1 Clause 2 attempted to mislead and unduly influence the functionality of council	10/09/2015	The employee was suspended and charged and suspension was lifted on the 15/12/2015 The employee has been on sick leave since the suspension was lifted	Ongoing
Driver	Fuel theft	04/02/2016	Disciplinary process ongoing	
General Worker	Drunk on duty, intimidation of seniors	10/11/2015	His case is ongoing	

4.4 SKILLS DEVELOPMENT AND TRAINING

Management Level	Gender	Employees in post as at 30 June	Number of skilled employees required and actual as at 30 June											
			Learnerships			Skills programs & other short courses			Other forms of training			Total		
		No	Actual: End of Year 1	Actual End of Year 0	Year 0 Target	Actual: End of Year 1	Actual End of Year 0	Year 0 Target	Actual: End of Year 1	Actual End of Year 0	Year 0 Target	Actual: End of Year 1	Actual End of Year 0	Year 0 Target
MM & s57	Female													
	Male	1					1	1						
Councillors, Senior Officials and Managers	Female	9					2	2		2	2		4	4
	Male	7					4	4		1	1		5	5
Technical & Associate Professionals	Female	3	1	1			0	1					1	2
	Male	9												
Professionals	Female	10								1	1		1	1
	Male	8					2	3		0	1		2	2
Subtotal	Female	22	1	1			2	3		3	3		6	7
	Male	25					7	8		1	2		7	7
Total		94	2	2			18	22		8	10		26	28

Skills Matrix														
Management Level	Gender	Employees in post as at 30 June	Number of skilled employees required and actual as at 30 June											
			Learnerships			Skills programs & other short courses			Other forms of training			Total		
		No	Original Budget	Actual		Original Budget	Actual		Actual: End of Year 1	Actual End of Year 0		Actual: End of Year 1	Actual End of Year 0	
MM & s57	Female													
	Male													
Councillors, Senior Officials and Managers	Female					92000	92000		51700	51700		143700	143700	
	Male					54000	54000					54000	54000	
Professionals	Female					1500	1500		18000	0		19500	1500	
	Male					34500	34500		18000	0		52500	34500	
Technical & Associate Professionals	Female		24000	24000								24000	20000	
	Male													
Clerks	Female					12900	12900					12900	12900	
	Male					8600	8600					8600	8600	
Elementary occupations	Female					8600	8600					8600	8600	
	Male					71500	71500					71500	71500	
Subtotal	Female		24000	24000		106400	106400		69700	51700		200100	178100	
	Male					97100	97100		18000			115100	97100	
Total			24000	24000		203500	203500		87700	51700		315200	275200	

CHAPTER 5 – FINANCIAL PERFORMANCE

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- **Component A:** Statement of Financial Performance
- **Component B:** Spending against Capital Budget
- **Component C:** Other Financial Matters

The Municipality sought to control inflationary pressures during the year by implementing budgetary control measures.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

A summary of the Financial Performance is contained on the following page. The municipality has budgeted for & realized a deficit financial outcome. This results in the cash surpluses being depleted & hence a Revenue Enhancement Strategy is being implemented with the objective of improving our internal revenue sources.

Stringent cash flow monitoring must be implemented in order to prevent the municipality being exposed to financial distress.

5.1 STATEMENT OF FINANCIAL PERFORMANCE

EC102 Blue Crane Route - Reconciliation of Table A1 Budget Summary

Description	2015/16								2014/15			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	9 988	92	10 080	10 098		18	100.2%	101.1%				9 056
Service charges	111 600	(11 500)	100 100	102 057		1 956	102.0%	91.4%				105 062
Investment revenue	1 201	(200)	1 001	1 446		445	144.5%	120.4%				820
Transfers recognised - operational	51 890	585	52 475	52 419		(56)	99.9%	101.0%				50 602
Other own revenue	7 190	3 459	10 648	32 771		22 122	307.7%	455.8%				12 375
Total Revenue (excluding capital transfers and contributions)	181 868	(7 564)	174 305	198 791		24 486	114.0%	109.3%				177 915
Employee costs	69 727	(69)	69 659	69 158	(501)	(501)	99.3%	99.2%	–	–	–	60 807
Remuneration of councillors	4 140	(85)	4 055	3 980	(75)	(75)	98.2%	96.1%	–	–	–	3 861
Debt impairment	6 335	–	6 335	8 405	2 070	2 070	132.7%	132.7%	–	–	–	7 664
Depreciation & asset impairment	36 802	(1 603)	35 199	34 699	(499)	(499)	98.6%	94.3%	–	–	–	33 775
Finance charges	4 121	144	4 265	5 454	1 189	1 189	127.9%	132.3%	–	–	–	3 692
Materials and bulk purchases	59 932	–	59 932	67 997	8 064	8 064	113.5%	113.5%	–	–	–	57 718
Transfers and grants	1 090	–	1 090	1 090	–	–	100.0%	100.0%	–	–	–	3 135
Other expenditure	40 190	(10 652)	29 538	30 473	935	935	103.2%	75.8%	–	–	–	43 181
Total Expenditure	222 337	(12 265)	210 072	221 256	11 184	11 184	105.3%	99.5%	–	–	–	213 833
Surplus/(Deficit)	(40 468)	4 701	(35 767)	(22 465)		13 302	62.8%	55.5%				(35 918)
Transfers recognised - capital	16 163	1 000	17 163	18 170		1 007	105.9%	112.4%				18 957
Contributions recognised - capital & contributed assets	–	–	–	–		–	-					2 986
Surplus/(Deficit) after capital transfers & contributions	(24 306)	5 701	(18 604)	(4 295)		14 309	23.1%	17.7%				(13 975)
Share of surplus/ (deficit) of associate	–	–	–	–		–	-	-				–
Surplus/(Deficit) for the year	(24 306)	5 701	(18 604)	(4 295)		14 309	23.1%	17.7%				(13 975)
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	16 163	(4 617)	11 546	5 612		(5 934)	48.6%	34.7%				18 668
Public contributions & donations	–	–	–	–		–	-	-				–
Borrowing	3 300	–	3 300	3 300		–	100.0%	100.0%				13 544
Internally generated funds	5 880	(716)	5 165	3 419		(1 745)	66.2%	58.2%				6 296
Total sources of capital funds	25 343	(5 332)	20 011	12 331		(7 679)	61.6%	48.7%				38 508
Cash flows												
Net cash from (used) operating	22 100	(10 618)	11 482	15 947		4 465	138.9%	72.2%				13 830
Net cash from (used) investing	(21 243)	1 339	(19 904)	(12 325)		7 579	61.9%	58.0%				(33 245)
Net cash from (used) financing	(1 200)	2 682	1 482	(628)		(2 110)	-42.4%	52.4%				12 265
Cash/cash equivalents at the year end	12 351	–	4 179	14 113		9 934	337.7%	114.3%				11 119

5.2 GRANTS

Grant Performance R' 000						
Description	Year 2014/2015	Year 2015/2016			Year 2015/2016 Variance	
	Actual	Original Budget	Adjustments Budget	Actual Budget	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	**46 758**	**48 883**	**48 883**	**48 660**	**0%**	**0%**
Equitble Share	42 429	44 654	44 654	44 654	0%	0%
Water Services Operating Subsidy	-	-	-	-	#DIV/0!	#DIV/0!
Finance Management	1 600	1 600	1 600	1 600	0%	0%
EPWP Incentive	1 000	1 000	1 000	1 000	0%	0%
Municipal Systems Improvement	934	930	930	725	0%	0%
MIG/PMU	795	699	699	681	-3%	0%
Provincial Government:	**2 197**	**2 197**	**2 284**	**2 284**	**4%**	**4%**
Health Subsidy					0%	0%
Sport and Recreation	2 197	2 197	2 197	2 197	0%	0%
Housing					0%	0%
Library					0%	0%
IEC					0%	0%
LED			87	87	0%	0%
SETA					0%	0%
DWA					0%	0%
District Municipality:	**767**	**810**	**1 308**	**1 474**	**45%**	**38%**
Environmental Health	767	810	810	810	0%	0%
Fire Services				472	100%	#DIV/0!
LED Projects			498	192	0%	0%
Other grant providers:	**-**	**-**	**-**	**-**	**0%**	**0%**
Total Operating Transfers and Grants	**49 722**	**51 890**	**52 475**	**52 418**	**1%**	**0%**

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes. *T 5.2.1*

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The asset base of the Municipality is integral to the Municipalities ability to provide services to the community in terms of its constitutional Mandate such as the provision of water, electricity, sanitation and maintenance of roads. It is the duty of the Municipality in terms of its asset management policy to ensure that assets are safeguarded and maintained so that they are operating in the manner intended for its use, and are not unproductive or idle.

Assets that are unproductive, idle or not operating in the manner intended or to sufficient capacity are assessed on an ongoing basis for impairment, and written off and replaced if where applicable.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2015/2016				
Asset 1				
Name	**Municipality Fleet Replacement - Purchase of Vehicles and Bakkies**			
Description	Purchase of new cars, bakkies , trucks & plant			
Asset Type	Vehicles and Plant			
Key Staff Involved	All Directors; Senior Mechanic & Accountant: Asset, Fleet & Liability Management			
Staff Responsibilities	To supervise the construction, quality control and ensure effective maintenance			
	2012/2013	**2013/2014**	**2014/2015**	**2015/2016**
Asset Value	278 377	510 180	4 811 739	2 989 338
Capital Implications	Total on Cost on Capital in year 2013, 2014, 2015 & 2016 combined and equals R8,589,634 excl. VAT			
Future Purpose of Asset	Improved Service Delivery with better response times to attend to problems.			
Describe Key Issues	Require effective monitoring of fleet to reduce vehicle abuse & prolong the useful life			
Policies in Place to Manage Asset	Asset Management Policy and Vehicle Usage policy			
Asset 2				
Name	**Community Water Supply Project – Pearston**			
Description	To install new Boreholes to increase the water supply capacity in Pearston			
Asset Type	Infrastructure & Mechanical - Drilling & Equipping of New Boreholes			
Key Staff Involved	Director: Technical Services, PMU Manager, Pearston Water Foreman			
Staff Responsibilities	To supervise the construction, quality control and ensure effective installation and usage			
	2012/2013	**2013/2014**	**2014/2015**	**2015/2016**
Asset Value	-	-	-	2 413 098
Capital Implications	Total Cost on Capital in year 2016 equals R2,413,098 excl. VAT			
Future Purpose of Asset	New Boreholes to increase the water supply capacity in Pearston			
Describe Key Issues	Technical expertise to manage and maintain the Boreholes and related infrastructure			
Policies in Place to Manage Asset	Asset Management Policy			
Asset 3				
Name	**Somerset East Waste Water Treatment Works (SE WWTW)**			
Description	Construction of an upgraded Waste Water Treatment Works			
Asset Type	Construction of a Waste Water Treatment Works			
Key Staff Involved	Director: Technical Services, PMU Manager, Waste Water middle management			
Staff Responsibilities	To supervise the construction, quality control and ensure effective maintenance			
	2012/2013	**2013/2014**	**2014/2015**	**2015/2016**
Asset Value	1 816 271	4 142 973	16 087 060	1 418 935
Capital Implications	Total on Cost on Capital in year 2013, 2014, 2015 & 2016 combined and equals R23,465,239 excl. VAT			
Future Purpose of Asset	Upgraded Waste Water Treatment Works at Somerset East			
Describe Key Issues	Technical expertise to manage and maintain the Waste Water Treatment Works			
Policies in Place to Manage Asset	Asset Management Policy			

				T 5.3.2

Repair and Maintenance Expenditure: 2015/2016				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	4 220	4 220	3 542	16%
				T 5.3.4

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

The Financial ratios based on key performance indicators for the following is:

	2014/2015	2015/2016
Liquidity	1.14	1.47
Cost Coverage	1.5	0.9
Total Outstanding Service Debtors	18%	19.6%
Total Charges to Operating Exp	2.1%	0.6%
Employee Cost	31.3%	32.2%
Repairs and Maintenance	1.1%	2%
Capital Expenditure	84%	64%
Operating Expenditure	99%	102%

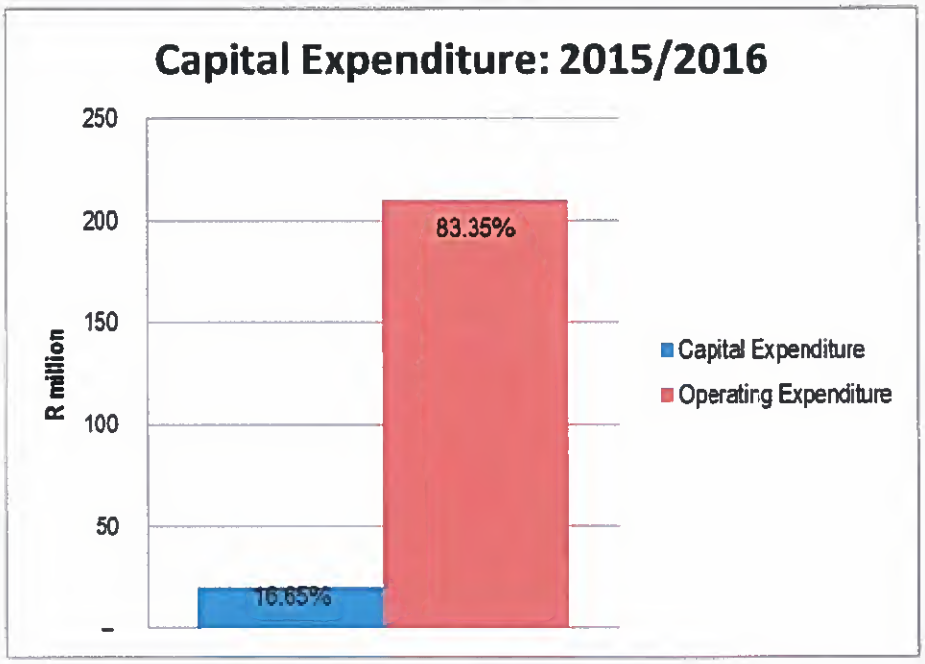
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned.

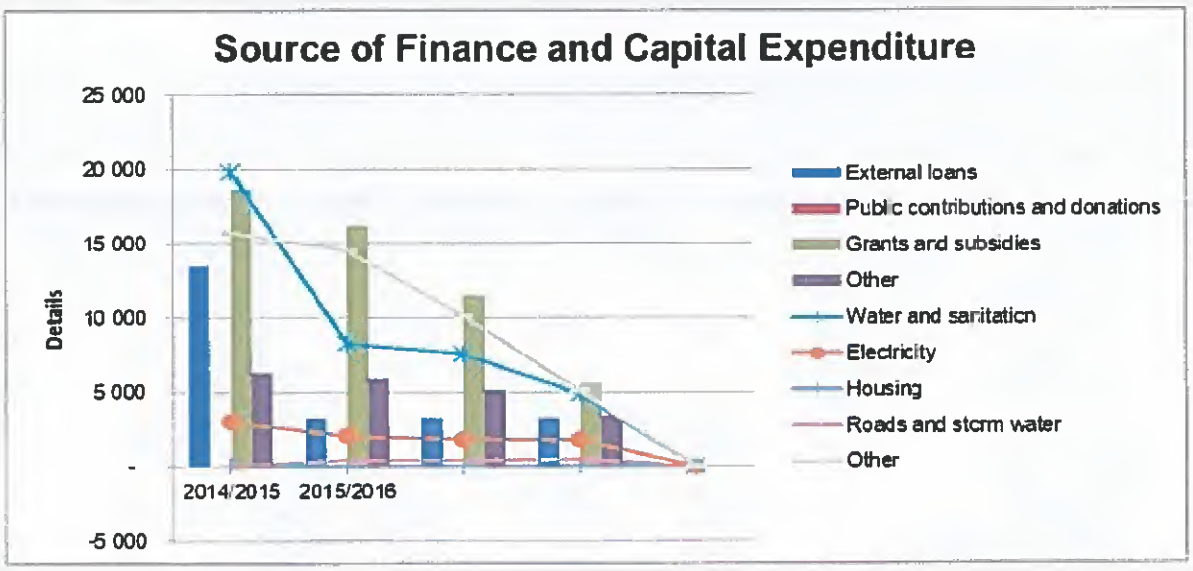
5.5 CAPITAL EXPENDITURE

The graph below depicts the ratio between Capital and Operating budgets as percentages of the total expenditure budget. The municipality is severely constrained with its Capital Budget as there are no cash surpluses to fund Capital Expenditure. The municipality is therefore largely dependent on Grant funding.



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2014/2015 to 2015/2016 R' 000						
Details	2014/2015	2015/2016				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans	13 544	3 300	3 300	3 300	0.0%	0.0%
Public contributions and donations	-	-	-	-	0.0%	0.0%
Grants and subsidies	18 668	16 163	11 546	5 612	-28.6%	-65.3%
Other	6 296	5 880	5 165	3 419	-12.2%	-41.9%
Total	**38 508**	**25 343**	**20 011**	**12 331**	**-40.7%**	**-107.1%**
Percentage of finance						
External loans	35.2%	13.0%	16.5%	26.8%	0%	0%
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0%	0%
Grants and subsidies	48.5%	63.8%	57.7%	45.5%	70%	61%
Other	16.3%	23.2%	25.8%	27.7%	30%	39%
Capital expenditure						
Water and sanitation	19 801	8 243	7 577	4 892	-8%	-41%
Electricity	3 019	2 070	1 823	1 792	-12%	-13%
Housing	-	-	-	-	0%	0%
Roads and storm water	-	465	465	525	0%	13%
Other	15 688	14 565	10 146	5 122	-30%	-65%
Total	**38 508**	**25 343**	**20 011**	**12 331**	**-50%**	**-106%**
Percentage of expenditure						
Water and sanitation	51.4%	32.5%	37.9%	39.7%	16.0%	38.3%
Electricity	7.8%	8.2%	9.1%	14.5%	23.7%	12.7%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Roads and storm water	0.0%	1.8%	2.3%	4.3%	0.0%	-12.2%
Other	40.7%	57.5%	50.7%	41.5%	60.3%	61.2%
						T 5.6.1



5.7 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The Blue Crane Route Municipality depends for the most part on Grant Allocation to eradicate its backlog effectively. However, the municipality does set out an annual budget to deal with backlogs. The department of Human Settlements has a programme of eradicating bucket system in Municipalities around the country. The BCRM has formed part of that programme aim at eradicating bucket system in the formal settlement. The Department has however indicated that this is a first phase and the next phase will look into eradicating bucket system in the informal settlement and the phase after that will look into eradicating sceptic tanks. The aim of the whole exercise is to provide/ connect communities to water borne system.

Service Backlogs as at 30 June 2016				Households (HHs)
	*Service level above minimun standard		**Service level below minimun standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	8579	96	350	4
Sanitation	8579	96	350	4
Electricity	8579	96	350	4
Waste management	8929	100	0	0
Housing		%		%
*% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.*				*T 5.8.2*

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

5.8 CASH FLOW

Cash Flow Outcomes R'000				
Description	2014/2015	Current: 2015/2016		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	99 919	115 684	104 273	105 824
Government – operating	49 636	51 890	52 475	52 419
Government – capital	19 541	16 163	16 563	23 298
Interest	787	3 515	1 001	1 408
Dividends				
Payments				
Suppliers and employees	(152 903)	(162 971)	(159 946)	(164 601)
Finance charges	(256)	(1 091)	(1 794)	(1 311)
Transfers and Grants	(3 135)	(1 090)	(1 090)	(1 090)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**13 589**	**22 100**	**11 482**	**15 947**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	100	100	103	6
Decrease (Increase) in non-current debtors	3	0	3	3
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(33 347)	(21 343)	(20 011)	(12 331)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(33 244)**	**(21 243)**	**(19 905)**	**(12 325)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans		0		
Borrowing long term/refinancing	13 000	3 300	5 036	3 300
Increase (decrease) in consumer deposits	241		100	225
Payments				
Repayment of borrowing	(976)	(4 500)	(3 654)	(4 153)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**12 265**	**(1 200)**	**1 482**	**(628)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(7 390)**	**(343)**	**(6 941)**	**2 993**
Cash Balance transferred from Dev Agency	3			
Cash/cash equivalents at the year begin:	18 506	12 694	11 119	11 119
Cash/cash equivalents at the year end:	11 116	12 351	4 178	14 112
Source: MBRR A7				*T 5.9.1*

5.9 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality has considerably increased the size of its debt book over the past 3 years mainly due to the replacement of fleet and the R13 million loan required to accelerate MIG expenditure. The MIG project loan is due to be settled in November 2016 and the debt book will drastically reduce accordingly to around R5 million at 30 June 2017 compared to R18 million at 30 June 2016. The municipality has resolved that no further loans be entered into over the short to medium term.

Actual Borrowings: Year 2013/2014 to Year 2015/2016 R' 000			
Instrument	**2013/2014**	**2014/2015**	**2015/2016**
Municipality			
Long-Term Loans (Current)	(73)	(2 716)	(12 080)
Long-Term Loans (Non-Current)	(730)	(11 527)	(2 779)
Local registered stock			
Instalment Credit			
Financial Leases	(697)	(4 488)	(3 422)
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	**(1 500)**	**(18 731)**	**(18 281)**
			T 5.10.2

The municipality invests surplus cash in accordance with the approved Investment policy.

Municipal Investments R' 000			
Investment* type	2013/2014	2014/2015	2015/2016
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	14 812	10 231	12 661
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality Total	**14 812**	**10 231**	**12 661**
			T 5.10.4

PUBLIC PRIVATE PARTNERSHIPS

The Blue Crane Route Municipality is not involved in any Public Private Partnerships.

COMPONENT D: OTHER FINANCIAL MATTERS

5.10 SUPPLY CHAIN MANAGEMENT

The Blue Crane Route Municipality has a Supply Chain Management Unit as reflected in the Financial Services Organogram.
The Supply Chain Management (SCM) is up and running within the BCRM and strict control measures are in place according to the MFMA, SCM Regulations, MFMA Circulars and the BCRM SCM Policy.
There are ten (10) posts within the Supply Chain Management Unit; they have been filled except for the Accountant: Supply Chain Management.

The following three (3) Bid Committees have been established and has the relevant meetings when tenders/bids, etc. are placed as per MFMA and Supply Chain Regulations:

1) Specification Bid Committee
2) Evaluation Bid Committee
3) Adjudication Bid Committee

The Supply Chain Management Policy that was adopted and implemented by the Sarah Baartman District Municipality (CDM) has been adopted by the Blue Crane Route Municipality(BCRM) after the relevant changes was made to comply with the Blue Crane Route Municipality's requirements, keeping the SCM regulations in mind. The policy has been reviewed in the 2015/16 financial year and accordingly approved on 30 May 2016. The municipality has also developed the SCM Policy on

Infrastructure Procurement and Delivery Management and Contract Management which were approved on 30 June 2016.

5.11 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

6.2 AUDIT COMMITTEE REPORT

(The report is attached)

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

.....	31. 01. 2017 .....
S. HULANA	**DATE**
ACTING DIRECTOR: FINANCE (CFO)	

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS-2014/2015

6.1 AUDITOR-GENERAL REPORT – 2015/2016

AUDITOR-GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2015/2016

(Attached as Annexure)

COMMENTS ON AUDITOR-GENERAL'S OPINION – 2015/2016

The municipality accepted the Auditor General's (AG) report on the presentation of the municipality's financial information as at 30 June 2016. The areas of disagreement were noted in the Management Report, but the findings remained due to insufficient evidence being provided to the AG.

The municipality thereafter compiled the Audit Action Plan to address the findings. The Accounting Officer is assisted by the Internal Audit unit in monitoring the implementation of the Audit Action plan and progress reports are tabled to each Audit Committee Meeting.

The municipality is committed to achieving clean administration and ultimately an unqualified audit opinion with no material findings.

CHAPTER 7 – COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS: KEY PERFORMANCE INDICATORS IN THE DEVELOPMENT OF THE ANNUAL REPORT

INTRODUCTION

The provincial department together with the National Department of Cooperative Governance developed indicators that seek to assist municipalities to provide information that will assist the MEC to report on municipal performance.

COMPONENT A: KEY PERFORMANCE INDICATORS

7.1 ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT – (KPA 1)

No.	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	56	22	39%	
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	5	5	100	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within	5	5	100	

No.	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	the FY				
4	Percentage of Managers in Technical Services with a professional qualification	3	1	33	
5	Level of PMS effectiveness in the DM – (DM to report)	PMS not yet cascaded to lower levels			
6	Level of effectiveness of PMS in the LM – (LM to report)				
7.	Adoption and implementation of HRD plan including WSP	The Human Resource Plan which includes WSP was adopted by Council in 2014 and is up for reviewal before the end of the current financial year.			
8.	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5-year term	316	285	90%	The 10% gap is being addressed
9	Percentage of councillors who attended a skill development training within the current 5-year term	11	6	55	They are relatively young Councillors who are interested in their development,
10	Percentage of staff complement with	0	0	0	Will be consciously targeted in future to

No.	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	disability				address employment equity targets
11	Percentage of female employees				Partially addressed underrepresentation of female as per Employment Equity Plan
12	Percentage of employees that are aged 35 or younger				This is the percentage of female employees in the organization. Currently employment plans are not aged based but in terms of employment equity targets

7.2 BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS – (KPA 2)

No.	Indicator name	Total number of household /customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year	Comments
1	Percentage of households with access to potable water	95%	350	0	0	0	
2	Percentage of indigent households with access to free basic potable water						
3	Percentage of clinics with access to potable water	100%	0	0	0	0	
4	Percentage of schools with access to	17 = 81%	4	0	0	0	

	potable water						
5	Percentage of households in formal settlements using buckets	0.05%	5	0	0	0	

Annual performance as per key performance indicators in Electricity services

No.	Indicator name	Total number of household /customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year	Comments
1	Percentage of households with access to electricity services						
2	Percentage of indigent households with access to basic electricity services						
3	Percentage of indigent						

	household s with access to free alternative energy sources						

Annual performance as per key performance indicators in sanitation service

No.	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year	Comments
1	Percentage of households with access to sanitation services	95%	350	0	0	0	
2	Percentage of indigent households with access to free basic sanitation services						
3	Percentage of clinics with access to sanitation	6 = 100%	0	0	0	0	

No.	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year	Comments
	services						
4	Percentage of schools with access to sanitation services	17 = 81%	4	0	0	0	

Annual performance as per key performance indicators in road maintenance services

No.	Indicator name	Total number of household /customer expected to benefit (8592)	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year	Comments
1	Percentage of households without access to gravel or graded roads	8592	0	0	0	0	
2	Percentage	8592	50 km	0	0	0	

	of road infrastructure requiring upgrade						
3	Percentage of planned new road infrastructure actually constructed	8592	50 km	0	0	0	
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	0	50 km	0	0	0	

Annual performance as per key performance indicators in waste management services

No.	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services					
2	Existence of waste					

	management plan	

Annual performance as per key performance indicators in housing and town planning services

No.	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	350	350	0	0	0
2	Percentage of informal settlements that have been provided with basic services	100%	350	0	0	0
4	Existence of an effective indigent policy	The municipality adopted an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.				
5	Existence of an approved SDF	The Municipal has an adopted Spatial Development Framework in 2012 and was reviewed in 2014. The framework is due for renewal as soon as the funding is secured				
6	Existence of Land Use Management System (LUMS)	The Land Use Management Schemes has been in existence for a very long time and require reviewal as soon as funding is secured.				

7.3 MUNICIPAL ECONOMIC DEVELOPMENT FRAMEWORK – (KPA 3)

Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit			
2	Percentage of LED Budget spent on LED related activities.			
3	Existence of LED strategy	**THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM**		
4	Number of LED stakeholder forum meetings held			
5	Plans to stimulate second economy			
6	Percentage of SMME that have benefited from a SMME support program			
7	Number of job opportunities created through EPWP			
8	Number of job opportunities created through PPP			

7.4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT – (KPA 4)

No.	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	20 011	12 331	62%
2	Salary budget as a percentage of the total operational budget	28%	31%	90%
3	Trade creditors as a percentage of total actual revenue	10%	27%	270%
4	Total municipal own revenue as a percentage of the total actual budget	70%	73%	104%
5	Rate of municipal consumer debt reduction	10%	(10%)	(20%)
6	Percentage of MIG budget appropriately spent	100%	100%	100%
7	Percentage of MSIG budget appropriately spent	100%	100%	100%
8	AG Audit opinion	Unqualified Audit Report	Unqualified Audit Report	100%
9	Functionality of the Audit Committee	All vacant posts within Internal	N/A	100%

		Audit Unit filled		
10	Submission of AFS after the end of financial year	Submitted on due date	Submitted on due date	100%

7.5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION – (KPA 5)

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established			
2	% of ward committees that are functional			
3	Existence of an effective system to monitor CDWs	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM		
4	Existence of an IGR strategy	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM		
5	Effective of IGR structural meetings	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM		
6	Existence of an effective communication strategy	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM		
7	Number of mayoral imbizos conducted			
8	Existence of a fraud prevention mechanism	THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM		

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.

Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and

	express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance						
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Present Council Meetings	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			14	%	%
Scott, N.M.	FT	Finance	Proportional Representation - ANC	12	86%	100%
Manxoweni, B.A.	FT	Corporate, Community, Finance	Proportional Representation - ANC	12	86%	100%
Brown, K.C.	FT	Technical	Proportional Representation - DA	13	93%	100%
Du Preez, C.F.B.	FT	Finance, MPAC	Proportional Representation - DA	11	79%	100%
Greeff, W.H.	FT	Corporate, MPAC	Proportional Representation - DA	12	86%	100%
Funiselo, Z	PT	Corporate, Community	Ward 6 - ANC	14	100%	100%
Nontyi, M.	PT	Community, Technical	Ward 5 - ANC	14	100%	100%
Mali M.K.	PT	Finance, Corporate, Technical, MPAC	Ward 4 - ANC	14	100%	100%
Yantolo, N.P.	PT	Technical, Finance, Community	Ward 3 - ANC	12	86%	100%
Bradfield, R.M.	PT	Community	Ward 2 - DA	10	71%	100%
Mjikelo, N.G.	PT	Corporate, Technical	Ward 1 - ANC	9	64%	100%
*Note: * Councillors appointed on a proportional basis do not have wards allocated to them*						*TA*

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of Committee**
Finance Committee	To deal with finance related matters
Corporate Services Committee	To deal with corporate services related matters
Technical Services Committee	To deal with technical services related matters
Community Services Committee	To deal with community related matters
	TB

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure		
Directorate	**Director/Manager (State title and name)**	**Unit**
Municipal Manager	**Municipal Manager - Mr. Thabiso Klaas**	
		Internal Audit
		Integrated Development Plan (IDP)/Performance Management System (PMS)
		Town Administration
		Information and Communication Technology (ICT)
Corporate Services	**Director: Corporate Services - Mr Fezekile Gideon Cotani**	
		Administration
		Human Resource (HR)
		Housing and Land Usage Management
Technical Services	**Director: Technical Services - Ms. Zukiswa Ntile**	
		Electrical Division
		Roads and Stormwater Division
		Water and Sanitation Division
		Building Control and Maintenance Division
		PMU Division
Community Services	**Director: Community Services - Mr. Sizwe Lochore Mvunelwa**	
		Environmental Services
		Protection Services
		Library Services
Financial Services	**Director: Finance (CFO) - Mr. Gerard John Goliath**	
		Finance Management and Reporting
		Revenue and Expenditure
		Supply Chain and Asset Management
Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).		*T C*

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

The Municipality is responsible for Basic Service Delivery like Water, Electricity, Sanitation and Refuse Removal. In addition to these services, we also facilitate Housing Provision in conjunction with Department of Human Settlements. Traffic Services; Fire Fighting services; Library services and Disaster management is provided by the Community Services Department.

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	**Function Applicable to Municipality (Yes / No)***	**Function Applicable to Entity (Yes / No)**
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	
Building regulations	Yes	
Child care facilities	No	
Electricity and gas reticulation	Yes	
Firefighting services	Yes	
Local tourism	Yes	
Municipal airports	No	yes, Cacadu development Agency
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Stormwater management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	Yes	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	Yes	
Facilities for the accommodation, care and burial of animals	Yes	
Fencing and fences	Yes	
Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	Yes	
Local amenities	Yes	
Local sport facilities	Yes	
Markets	No	
Municipal abattoirs	No	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	Yes	
Pounds	Yes	
Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street lighting	Yes	
Traffic and parking	Yes	
If municipality: indicate (yes or No); * If entity: Provide name of entity		*T D*

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	**Cllr Ntombentsha Mjikelo**	Yes	0		0
	Nomalanga Eunice Ndzuzo				
	Xabiso Maqenge				
	Bulelwa Katie Ximiya				
	Andiswa Sixaxa				
	Mzuvukile Arthur Mema				
	Edward Roberts				
	Musa Dyofana				
	Zamuxolo Sidwell Baskiti				
	Duane Rozetta Leeuskieter				
	Vuyiswa Xhaso				
Ward 2	**Cllr Rosaline Bradfield**	Yes	6		2
	Mpumelelo William Mgabaza				
	Mbulelo Cakana				
	Cynthia Gillian Farrell				
	Pamella Fani				
	Jason Rodney Olifant				
	Gerald Fillis				
	Alan Michael Hobson				
	Gladys Adams				
Ward 3	**Cllr Neliswa Yantolo**	Yes	1		2
	Zoleka Blouw				
	Dr Fiona Brown				
	Fezile Jeffrey Notshulwana				
	Albetinah Nyeliswa Konzapi				
	Nomsa Felicia				
	Philip Erasmus				
	Xolisile Junior Tom				
	Monwabisi Lumka				
	Dina Malambile				

Ward 4	**Cllr Mncedi Mali**	Yes	2		0
	Stanton Africa				
	Evelyn Matomela				
	Jersey Charlie				
	Monwabisi Andre Nel				
	Rose Dora Doro				
	Jessie Olifant				
	Vanessa Senovia Louw				
	Levin Doro				
	Vuyani Soloman Sejila				
Ward 5	**Cllr Mendile Nontyi**	Yes	2		0
	Nomatansanqa Qupe				
	Thobile Xakaxa				
	Dawid Harris				
	Claud Kuilder				
	Granville Nel				
	Noluthando Gogo				
	Gilbert Nxahe				
	Mercia Ntshudu				
	Nomatshawe Siziba				
Ward 6	**Cllr Zoliswa Funiselo**	Yes	0	0	0
	Simphiwe Mbenya				
	Mpumelelo Steve Kwatsha				
	Mzukisi Sonkwala				
	Ronnie Mvuleni Mbane				
	Daphe Thobeka Twenty				
	Ntombentsha Ntlebi				
	Pelela Patient Mtshawu				
	Odwa Advocate Koba				
	Sibongile Thengi				

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)		
Capital Projects: Seven Largest in Year 2015/2016 (Full List at Appendix O)		R' 000
No.	Project Name and detail	Total Value
Ward 1 to 6	Municipal Fleet - Vehicle purchases	2 989
Ward 4	Community Water Supply Project - Pearston	2 413
Wards 2; 3 & 5	Somerset East Waste Water Treatment Works (SE WWTW)	1 419
Ward 4	Sport Facilities - Pearston	874
Wards 1 & 6	Sport Facilities - Cookhouse	775
Wards 1 to 6	Traffic building Extension	597
Ward 4	Pearston Tea Room	506
		T F.1

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	9 761	7 819	8 592	7 838	
Households without minimum service delivery		358			
Total Households*	**9 761**	**8 177**	**8 592**	**7 838**	
Houses completed in year					
Shortfall in Housing units					
**Including informal settlements*					*T F.2*

APPENDIX G – MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS

Municipal Audit Committee Recommendations		
Date of Committee	**Committee recommendations during Year 2015/16**	**Recommendations adopted (enter Yes) If not adopted (provide explanation)**
13/11/2015	Audit Committee approves the Audit Committee Charter	Yes
	Audit Committee approves the Internal Audit Charter	Yes
	Management to be mindful of the high risk of shrinking revenue and focus on revenue enhancement	Yes
	Internal Audit plan be approved	Yes
	Management to provide Audit Committee with a report on all legal cases	Yes
14/04/2016	Audit Committee report on half year PMS be submitted to council	Yes
	Director Finance to detail a follow up on each meeting on fraud cases	Yes
	Management focus on Back to basics	Yes
	Management focus on Health and Safety within the municipality	Yes
	Management to draw up a plan of solutions for the issues at Human Resources section and submitt it to the Audit Committee	Yes
	Management to give priority to all the key controls that are still red shaded on the dashboard	Yes
26/05/2016	Management to report the fraud amount to council to condone and update the Auditor General so that the amount can be disclosed as fruitless and wastefull expenditure	Yes
	Management work with Internal Audit to improve the usefulness of information for PMS	Yes
	That Management should ensure that regular declarations are made by all officials	Yes
	That all current contracts be reviewed to ensure that they are signed and that they have all the necessary clauses	Yes
	That management review the SCM Policy with specific attention to required legislation, to ensure that all relevant legislative requirements are compiled with	Yes
	SCM to ensure that whenever consultants are appointed, transfer of skills is clearly defined and captured in Terms of Reference and SLA's	Yes
28/06/2016	Municipal Organogram must be finalised	Yes
	The fuel theft and abuse disciplinary be expedited	Yes
	Timeframes be stipulated for management of loss control	Yes
	Draft Annual Financial Statements be submitted to the Audit Committee before the meeting of the AFS review	Yes
		T G

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts Entered into during Year 2015/2016)					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Standard Bank	Long-term Loan linked to purchase of Bakkies and Extension of Traffic Building	28-Jun-16	27-Jun-21	Manager: Financial Management & Reporting	3 300
					T H.1

Public Private Partnerships Entered into during Year 2015/16					R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2015/16
NO PPP WERE ENTERED INTO					
					T H.2

APPENDIX I – SERVICE PROVIDER ANNUAL PERFORMANCE

2015/2016 FINANCIAL YEAR TENDERS

Tender No	Description	Bid Spec Comm	Advert Date	Site Inspection	Closing Date	Expiry	Bid Eval Comm	Bid Adj Comm	Extension of Validity	Appointed Bidder	Amount	Progress	Remarks
T06/2015	SUPPLY AND DELIVERY OF FLEET	24-Jul-15	07-Aug-15	N/A	24-Aug-15	21-Nov-15	31-Aug-15	29-Sep-15	N/A	GEAT SERVICES	R 2 357 556.18	PROJECT COMPLETE	Satisfactory service
T08/2015	DRILLING OF FOUR NEW BOREHOLES IN PEARSTON	18-Aug-15	08-Sep-15	11-Sep-15	21-Sep-15	19-Dec-15	21-Sep-15	28-Sep-15	N/A	BJ CILLIERS BOORKONTRAKTE URS	R 717 915.00	PROJECT COMPLETE	SUPPLIER PROMPT WITH SERVICE
T09/2015	SUPPLY AND DELIVERY OF COLDMIX	28-Aug-15	11-Sep-15	N/A	25-Sep-15	23-Dec-15	08-Oct-15	23-Oct-15	N/A	BURWANA ASPHALT COLDMIX	R 344 000.00	PROJECT COMPLETE	Satisfactory service
T10/2015	SUPPLY AND DELIVERY OF 11 X TRANSFORMERS	09-Sep-15	02-Oct-15	N/A	20-Oct-15	17-Jan-15	26-Oct-15	20-Nov-15	N/A	TRANSFIX TRANSFORMERS	R 331 410.00	PROJECT COMPLETE	Satisfactory service
T14/2015	SUPPLY AND DELIVERY OF FLEET IN BCRM	23-Oct-15	29-Oct-15	N/A	20-Nov-15	18-Feb-16	26-Nov-15	08-Dec-15	N/A	SEVENTH AVENUE TRADING	R 730 216.10	PROJECT COMPLETE	Satisfactory service
T15/2015	SUPPLY AND DELIVERY OF PIPES FOR TAXI RANK	23-Oct-15	29-Oct-15	N/A	20-Nov-15	18-Feb-16	26-Nov-15	07-Dec-15	N/A	MARX CONCRETE PIPES	R 327 858.30	PROJECT COMPLETE	Satisfactory service
T01/2016	UPGRADING OF SPORTSFILEDS BHONGWENI, COOKHOUSE	17-Sep-15	12-Jan-16	19-Jan-16	01-Feb-16	01-May-16	08-Feb-16	18-Feb-16	N/A	LEZMIN 3254 CC t/a BRIMA SA	R 3 310 586.30	IN PROGRESS	Satisfactory service
T02/2016	UPGRADING OF SPORTSFIELDS KHANYISO, PEARSTON	17-Sep-15	12-Jan-16	19-Jan-16	01-Feb-16	01-May-16	08-Feb-16	18-Feb-16	N/A	LEZMIN 3254 CC t/a BRIMA SA	R 2 808 823.60	IN PROGRESS	Satisfactory service
T03/2016	PROVISION OF EXTERNAL LOAN FINANCE	01-Feb-16	05-Feb-16	N/A	07-Mar-16	05-Jun-16	14-Mar-16	18-Mar-16	N/A	STANDARD BANK OF SOUTH AFRICA	R 4 377 439.60	PROJECT COMPLETE	GOOD
T04/2016	REPAIRS AND MAINTENANCE OG 11KV POWER FACTOR CORRECTION F	01-Feb-16	05-Feb-16	15-Feb-16	22-Feb-16	22-May-16	04-Mar-16	06-Apr-16	N/A	MILNE ELECTRICAL	R 10 260.00	IN PROGRESS	In Progress
T05/2016	SUPPLY AND DELIVERY OF BUILDING MATERIAL FOR PEARSTON TEA R	09-Mar-16	11-Mar-16	N/A	29-Mar-16	27-Jun-16	04-Apr-16	15-Apr-16	N/A	BLUE CRANE HARDWARE	R 199 233.44	PROJECT COMPLETE	SUPPLIER PROMPT WITH SERVICE
T07/2016	BUILDING AND UPGRADING OF ICT INFRASTRUCTURE	11-Apr-16	14-Apr-16	N/A	29-Apr-16	18-Jul-16	03-May-16	26-May-16	N/A	TRACKOS PROJECTS PTY (LTD)	R 382 800.60	PROJECT COMPLETE	SUPPLIER PROMPT WITH SERVICE
T09/2016	UPGRADING OF SOMERSET EAST WWTW, PHASE II - SLUDGE DRYING I	16-May-16	20-May-16	27-May-16	24-Jun-16	22-Sep-16	28-Jun-16	30-Jun-16	N/A	DIGES/INGQAKA JV	R 6 000 822.28	IN PROGRESS	In Progress

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 2015/2016		
Position	**Name**	**Description of Financial Interests* (Nil / Or details)**
(Executive) Mayor	Councillor N.M. Scott	Beneficiary of Government Employees Pension Fund
Member of MayCo / Exco		
MPAC	Councillor W.H. Greeff	Shares in PSG, Trustee Membership; BKB; Old Mutual; Santam; the Middleton Producers & Springvale Marketing. Interest in Springvale Farm
Councillor		
	Yantolo, N.P.	Husband Mkholisi Nkonyeni is a shareholder of Inkoleko 409 CC. Sister Nomakhaya Yantolo is shareholder of Ezithtwini Pty Ltd.
	Manxoweni, B.A.	Nil
	Brown, K.C.	Farm 370, Erf 2452 Somerset East
	Du Preez, C.F.B.	Owner - Callie du Preez Professional Accountant; Membership/Partnership - Route 63 Internet cc; Baviaansnet(Pty)Ltd
	Funiselo, Z	Nil
	Nontyi, M.	Nil
	Mali M.K.	Nil
	Bradfield, R.M.	Investec; Alan Gray
	Mjikelo, N.G.	Nil
Municipal Manager	Klaas, T	Nil
Chief Financial Officer	Goliath, G.J.	Nil
Deputy MM and (Executive) Directors		
	Mvunelwa, S.L.	Nil
	Ntile, Z	Nil
	Cotani, F.G.	Nil
Other Officials		
	van Rayner, V.A.	MSNH Maintenance - son of the owner
	van Niekerk, K.	AJ van Niekerk - spouse of owner
	Jordaan, M.	PJA Jordaan Transport - daughter of owner
	Vongo, J.	Culiso Trading - brother of owner
	Mselana, D.	Viphinako - brother of owner
** Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A* *T J*		

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote R' 000						
Vote Description	Year 2014/2015	Current: Year 2015/2016			Year 2015/2016 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Mayoral Executive	2	-	-	-	#DIV/0!	#DIV/0!
Vote 2 - Municipal Council	20 804	7 231	20 217	20 223	64%	0%
Vote 3 - Accounting Officer	823	500	1 448	632	21%	-129%
Vote 4 - Budget and Treasury	16 117	16 878	16 784	17 659	4%	5%
Vote 5 - Technical Services	135 426	151 292	136 911	131 809	-15%	-4%
Vote 6 - Community, Safety and Social Services	21 583	22 070	16 018	16 404	-35%	2%
Vote 7 - Corporate Services	5 051	60	89	144	58%	38%
Total Revenue by Vote	**199 806**	**198 031**	**191 467**	**186 871**	**-5.97%**	**-2.46%**

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3

T K.1

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source R '000						
Description	Year 2014/2015	Year 2015/2016			Year 2015/2016 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	9 056	9 988	10 080	10 098	1%	0%
Property rates - penalties & collection charges	-	-	-	-	0%	0%
Service Charges - electricity revenue	77 229	82 753	81 053	77 233	-7%	-5%
Service Charges - water revenue	13 011	13 132	9 753	13 011	-1%	25%
Service Charges - sanitation revenue	6 220	6 610	4 076	6 220	-6%	34%
Service Charges - refuse revenue	8 386	8 887	5 001	8 386	-6%	40%
Service Charges - other	207	218	218	207	-5%	-5%
Rentals of facilities and equipment	45	50	75	63	21%	-19%
Interest earned - external investments	820	1 201	1 001	1 446	17%	31%
Interest earned - outstanding debtors	3 186	2 723	2 723	3 153	14%	14%
Dividends received	-	-	-	-	0%	0%
Fines	40	70	70	60	-17%	-17%
Licences and permits	802	793	632	746	-6%	15%
Agency services	600	660	660	676	2%	2%
Transfers recognised - operational	50 602	51 890	52 475	51 608	-1%	-2%
Other revenue	7 566	2 794	6 385	2 618	-7%	-144%
Gains on disposal of PPE	92	100	104	-	#DIV/0!	#DIV/0!
Enviromental Proctection	-	-	-	-	0%	0%
Total Revenue (excluding capital transfers and contributions)	**177 862**	**181 869**	**174 306**	**175 525**	**-3.61%**	**0.69%**

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4. *T K.2*

APPENDIX L: CONDITIONAL GRANTS: EXCLUDING MIG

Conditional Grants: excluding MIG R' 000					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
MSIG	930	930	930	0%	0%
FMG	1 600	1 600	1 600	0%	0%
EPWP	1 000	1 000	1 000	0%	0%
LIBRARY	2 197	2 197	2 197	0%	0%
ACIP	2 880	2 880	2 880	0%	0%
LOTTO GRANT (for sports facilities)	1 000	1 000	1 000	0%	0%
Total	9 607	9 607	9 607		

** This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.*

APPENDIX: BCRM ANNUAL PERFORMANCE REPORT – 2015/2016

The Annual Performance Report is attached as an annexure to this report.

VOLUME II: ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements are attached as an annexure to this report.

BLUE CRANE ROUTE MUNICIPALITY(EC102)

Audited
Annual Financial Statements for the year ended 30 June 2016

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Local Government
The following is included in the scope of operation	Service Delivery
Council members	
Mayor	NM Scott
Councillors	BA Manxoweni KC Brown CFB Du Preez WH Greeff M Nontyi NG Mjikelo Z Funiselo NP Yantolo MK Mali RM Bradfield
Accounting Officer	Thabiso Klaas
Chief Finance Officer (CFO)	GJ Goliath
Registered office	67 Nojoli Street Somerset East 5850
Postal address	P.O. Box 21 Somerset East 5850
Auditors	Auditor General
Bankers	ABSA
Attorneys	Nolte Smit Attorneys

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended.
The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) And the Municipal Finance Management Act (MFMA) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the Chief Financial Officer.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.
The annual financial statements have been examined by the municipality's external auditors.

The annual financial statements set out on the following pages have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016 and were signed by him.

The accounting officer hereby certify as required by Section 124(1)(a) of the Municipal Finance Management Act (Act 56 of 2003) that the salaries, allowances and benefits of political office-bearers and councillors of the Blue Crane Route Municipality, whether financial or in kind, are within the upper limits of the framework envisaged in section 219 of the Constitution.

Thabiso Kiara
Accounting Officer
24 November 2016

AUDITOR - GENERAL
SOUTH AFRICA
14 DEC 2016

STATEMENT OF FINANCIAL POSITION

	Notes	2016 R	2015 R (Restated)
ASSETS			
Current assets			
Other financial assets	4	3 094	2 943
Inventories	6	871 461	1 136 730
Other receivables from exchange transactions	7	1 148 855	3 309 113
Other receivables from non-exchange transactions	8	5 407 784	4 227 031
Trade receivables from exchange transactions	9	18 839 998	17 785 907
Cash and cash equivalents	10	14 112 575	11 118 836
		40 383 767	37 580 560
Non-current assets			
Investment property carried at fair value	11	95 004 215	69 535 377
Property, plant and equipment	12	592 086 523	614 817 596
Intangible assets	13	6 929	11 620
Heritage assets	14	458 067	458 067
Other financial assets	4	9 655	12 749
		687 565 389	684 835 409
Total assets		**727 949 156**	**722 415 969**
LIABILITIES			
Current liabilities			
Employee benefit obligation	15	500 364	508 224
Other financial liabilities	16	12 080 824	2 716 448
Finance lease obligation	17	1 133 396	1 066 331
Unspent conditional grants and receipts	18	6 339 006	1 210 503
Payables from exchange transactions	20	21 889 402	20 540 404
Trade and other payables from non-exchange	21	254 717	142 547
VAT payable	22	2 772 563	2 174 196
Consumer deposits	23	2 462 971	2 238 006
		47 433 243	30 596 659
Non-current liabilities			
Employee benefit obligation	15	19 917 797	19 053 346
Other financial liabilities	16	2 779 316	11 526 565
Finance lease obligation	17	2 288 219	3 421 279
Provisions	19	23 630 602	21 622 930
		48 615 934	55 624 120
Total liabilities		**96 049 177**	**86 220 779**
Net assets		**631 899 979**	**636 195 190**
Accumulated surplus		**631 899 979**	**636 195 190**

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2016 R	2015 R (Restated)
Revenue			
Property rates	26	10 097 775	9 054 976
Service charges	27	97 432 081	90 568 975
Rental of facilities and equipment	25	62 666	45 405
Interest received (trading)	25	3 152 852	3 185 589
Interest received	28	1 446 111	819 974
Income from agency services	25	675 918	600 079
Fines	25	59 980	39 788
Licences and permits	25	745 197	802 412
Government grants and subsidies	29	70 588 771	72 544 675
Fees earned	25	864 125	439 202
General	25	834 911	608 812
Private Work	25	182 942	183 147
Gains on disposal of assets	25	-	91 945
Gain on investment properties fair valuation	11	25 455 917	4 405 896
Other income	30	733 647	1 970 990
Total revenue		212 332 893	185 361 865
Expenditure			
Employee related costs	31	69 756 814	61 518 960
Remuneration of councillors	32	3 571 936	3 149 339
Debt impairment	33	8 404 847	7 664 287
Collection costs		11 990	11 417
Depreciation and asset impairments/amortisation	12/13	34 699 127	33 774 671
Repairs and maintenance		3 542 331	3 335 667
Finance costs	34	5 453 822	3 692 332
Bulk purchases	35	67 996 582	57 717 639
General expenses	36	24 210 659	26 876 661
Loss on disposal of assets		322 177	
Total expenditure		217 970 285	197 740 973
Actuarial (Loss) /gain	15	1 342 181	(1 596 163)
Surplus / (deficit) for the year		(4 295 211)	(13 975 271)

STATEMENT OF CHANGES IN NET ASSETS

	Notes	R	R
		Accumulated Surplus/(Deficit)	**Total: Net Assets**
Opening balance as previously reported (2014)		**645 173 362**	645 173 362
Adjustments:			
Prior period adjustments (2014 and earlier)	42	7 505 331	7 505 331
Balance at 1 July 2014 as restated		**652 678 693**	652 678 693
Changes in net assets			
Transfer of assets and liabilities from BCDA		(2 508 232)	(2 508 232)
Deficit for the year		(13 975 271)	(13 975 271)
Balance at 30 June 2015 as restated		636 195 190	636 195 190
Opening balance as previously reported (2015)		631 120 065	631 120 065
Adjustments to BCDA assets and liabilities		(429 223)	(429 223)
Prior period adjustments (2015 and earlier)	42	5 504 348	5 504 348
Balance at 1 July 2015 as restated		**636 195 190**	**636 195 190**
Changes in net assets			
Deficit for the year		(4 295 211)	(4 295 211)
Balance at 30 June 2016		**631 899 979**	**631 899 979**

CASH FLOW STATEMENT

	Notes	2016 R	2015 R (Restated)
Cash flows from operating activities			
Receipts			
Sales of goods and services		96 883 412	91 744 424
Grants		75 717 274	69 176 683
Interest received		1 408 577	786 883
Other receipts		9 164 768	8 416 185
		183 174 031	170 124 175
Payments			
Employee costs		(69 175 801)	(60 175 246)
Remuneration of councillors		(3 511 936)	(3 149 339)
Suppliers		(23 414 068)	(32 814 429)
Bulk purchases		(66 098 076)	(57 563 340)
Interest paid		(1 311 052)	(255 818)
Other payments		(3 491 141)	(2 335 664)
		(167 002 074)	(156 293 836)
Net cash flows from operating activities	38	**16 171 957**	**13 830 339**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(12 331 422)	(33 347 290)
Nett proceeds on disposal of assets and liabilities		3 508	99 600
Proceeds from Other financial assets	4	2 943	2 800
Net cash flows from investing activities		(12 324 971)	(33 244 890)
Cash flows from financing activities			
Proceeds from borrowings		3 300 000	13 000 000
Repayment of other financial liabilities		(2 653 422)	(644 236)
Finance lease payments		(1 499 825)	(331 407)
Net cash flows from financing activities		(853 247)	12 024 357
Net increase / (decrease) in net cash and cash equivalents		2 993 739	(7 390 194)
Cash Balance transferred from Dev Agency			3 152
Net cash and cash equivalents at beginning of period		11 118 836	18 505 878
Net cash and cash equivalents at end of period	10	**14 112 575**	**11 118 836**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Notes	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
Statement of Financial Position						
Total current assets		28 002 200	2 036 471	30 038 671	40 383 767	(10 345 096)
Total non-current assets		693 776 436	(42 099 891)	651 676 545	687 565 389	(35 888 844)
Total current liabilities		(44 090 209)	22 686 386	(21 403 823)	(47 433 243)	26 029 420
Total non-current liabilities		(27 428 172)	(11 414 308)	(38 842 480)	(48 615 934)	9 773 454
Net Assets		650 260 255	(28 791 342)	621 468 913	631 899 979	(10 431 066)
Statement of Financial Performance						
Revenue						
Property rates	49	9 988 000	92 000	10 080 000	10 098 465	(18 465)
Service charges	49	111 599 950	(11 499 680)	100 100 270	102 056 546	(1 956 276)
Interest earned - external investments	49	1 200 750	(200 000)	1 000 750	1 446 111	(445 361)
Interest earned - outstanding debtors		2 722 650		2 722 650	3 152 852	(430 202)
Rental of facilities and equipment		50 000	25 000	75 000	62 666	12 334
Fines		70 000		70 000	59 980	10 020
Licences and permits		793 000	(161 210)	631 790	745 197	(113 407)
Agency services		660 000		660 000	675 918	(15 918)
Transfers recognised		68 052 900	1 585 340	69 638 240	70 588 771	(950 531)
Gains on disposal of PPE		100 000	3 500	103 500	-	103 500
Other own revenue	49	2 793 980	3 591 510	6 385 490	28 073 900	(21 688 410)
Total Revenue		198 031 230	(6 563 540)	191 467 690	216 960 406	(25 492 716)
Expenditure						
Employee costs	49	69 727 220	(68 580)	69 658 640	69 158 129	500 511
Remuneration of councillors	49	4 139 530	(84 670)	4 054 860	3 979 851	75 009
Debt impairment		6 335 000		6 335 000	8 404 847	(2 069 847)
Depreciation & asset impairment		36 801 800	(1 603 300)	35 198 500	34 699 127	499 373
Finance charges		4 121 040	143 970	4 265 010	5 453 822	(1 188 812)
Bulk Purchases		59 932 210		59 932 210	67 996 582	(8 064 372)
Transfers and Grants	49	1 090 000		1 090 000	1 090 000	-
Other expenditure	49	40 189 980	(10 652 140)	29 537 840	30 151 082	(613 242)
Loss on disposal of assets					322 177	(322 177)
Total expenditure		222 336 780	(12 264 720)	210 072 060	221 255 617	(11 183 557)
Actual Amount on Comparable Basis as Presented in the Budget And Actual Comparative Statement		(24 305 550)	5 701 180	(18 604 370)	(4 295 211)	(14 309 159)

Refer to note 51 for explanations for material variances between final budget and actual amounts as well as the final budget and the original budget

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Notes	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Ratepayers and other		115 683 550	(11 410 770)	104 272 780	105 823 215	(1 550 435)
Government - operating		51 890 000	585 340	52 475 340	52 419 140	56 200
Government - capital		16 162 900	400 000	16 562 900	23 298 134	(6 735 234)
Interest		3 515 550	(2 514 800)	1 000 750	1 408 577	(407 827)
Payments						
Suppliers and employees		(162 971 200)	3 025 200	(159 946 000)	(164 601 022)	4 655 022
Finance charges		(1 091 040)	(702 700)	(1 793 740)	(1 311 052)	(482 688)
Transfers and Grants		(1 090 000)		(1 090 000)	(1 090 000)	
NET CASH FROM/(USED) OPERATING ACTIVITIES		22 099 760	(10 617 730)	11 482 030	15 946 992	(4 464 962)
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE		100 000	3 500	103 500	3 508	99 992
Decrease (increase) in non-current debtors			2 940	2 940	2 943	(3)
Payments						
Capital assets		(21 342 900)	1 332 400	(20 010 500)	(12 331 422)	(7 679 078)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(21 242 900)	1 338 840	(19 904 060)	(12 324 971)	(7 579 089)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Short term loans						
Borrowing long term/refinancing		3 300 000	1 736 000	5 036 000	3 300 000	1 736 000
Increase (decrease) in consumer deposits			100 000	100 000	224 965	(124 965)
Payments						
Repayment of borrowing		(4 500 000)	845 800	(3 654 200)	(4 153 247)	499 047
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 200 000)	2 681 800	1 481 800	(628 282)	2 110 082
NET INCREASE/ (DECREASE) IN CASH HELD		(343 140)	(6 597 090)	(6 940 230)	2 993 739	(9 933 969)
Cash Balance transferred from Dev Agency						
Cash/cash equivalents at the year begin:		12 694 460	(1 575 624)	11 118 836	11 118 836	-
Cash/cash equivalents at the year end:		12 351 320	(8 172 714)	4 178 606	14 112 575	(9 933 969)

AUDITOR - GENERAL
SOUTH AFRICA
14 DEC 2016

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below.

These accounting policies are consistent with those applied in the preparation of the prior year financial statements, unless specified otherwise. Details on any changes in accounting policies are provided in note Changes in accounting policy.

1.1. Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. The figures in the annual financial statement are rounded to the nearest Rand value.

1.2. Going concern

These annual financial statements were prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3. Budget information

Budget information in accordance with GRAP 1 and 24, has been provided in the Statement of comparison of budget and actual amounts.

The approved budget is prepared on an accrual basis.

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

1.4. Comparative figures

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are

restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. The presentation and classification of items in the current year is consistent with prior years.

The nature and reasons for the reclassifications and restatements are disclosed in note 42 to the financial statements.

1.5. Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.6. Significant judgements and sources of estimation uncertainty

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the annual financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies, the following estimates were made:

Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

Impairments of non-financial assets

In determining the value-in-use of non-financial assets, management is required to rely on the use of

estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions. Additional disclosure of these estimates of provisions is included in note 19 - Provisions.

Pension and other post-employment benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increase, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis.

The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Provision for rehabilitation of refuse landfill sites

The entity has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the size / extent of the land to be rehabilitated, the rehabilitation

cost per square meter, the monitoring cost per square meter, and the rehabilitation period. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and then discounted to their present value using an appropriate discounting rate, representing the time value of money.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

1.7. Property, plant and equipment

Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the cost of dismantling and removing the asset and restoring the site on which it is operated.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Major spare parts and servicing equipment which are expected to be used for more than one period

are included in property, plant and equipment. In addition, spare parts and servicing equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Subsequent measurement

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land, which is not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Components that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an asset's residual value.

The annual depreciation rates are based on the following estimated useful lives:

Item	Average useful life
Land (PPE)	Indefinite
Buildings	60 years
Plant	5 – 15 years
Furniture and fixtures	5 – 15 years
Motor vehicles	5 – 20 years
Office equipment	3 – 10 years
Other equipment	3 – 10 years
Infrastructure	5 – 80 years

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.8. Investment property

Initial Recognition

Investment property includes property (land or a building, or part of a building) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Investment property is initially recognised when future benefits are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

Subsequent measurement

Fair Value

Subsequent to initial measurement investment property is measured at fair value.
The fair value of investment property reflects market conditions at the reporting date.
A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.
Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Impairments

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Subsequent expenditure

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

1.9. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and the cost or fair value of the asset can be measured reliably.

An internally generated intangible asset is subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the entity intends to complete the intangible asset, for use or sale
- it is technically feasible to complete the intangible asset
- the entity has the resources to complete the project
- it is probable that it will generate future economic benefits or service potential.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Subsequent measurement

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired.

For all other intangible assets amortisation is provided on a straight line basis over their useful life. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation and Impairment

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 years

Impairments

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.10. Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives.

Initial Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairments

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.11. Financial Instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument meets the relevant definitions.
Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Initial measurement

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost. All financial assets and financial liabilities are measured after initial recognition using the following categories:

a) Financial instruments at fair value:
   - derivatives;
   - combined instruments that are designated at fair value;
   - instruments held for trading. A financial instrument is held for trading if:
     — it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
     — on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
     — non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
     — financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

b) Financial instruments at amortised cost:

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable

payments, excluding those instruments that the entity designates, at fair value, at initial recognition or, are held for trading.

c) Financial instruments at cost:

investments in residual interest, which do not have quoted market prices, and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.
For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairments

All financial assets measured at cost or amortised cost are subject to an impairment review. The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of financial assets with simliar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The

amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when the obligation is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Policies relating to specific financial instruments

Investments at amortised cost

Investments which include fixed deposits and short-term deposits invested in registered commercial banks are categories as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is credited to the Statement of Financial Performance.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost.

Other financial assets

These include loans receivable and initially measured at fair value plus transaction costs that are directly attributable to the acquisition and subsequently measured at amortised cost.

1.12. Leases

Finance leases - lessee

Initial recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Subsequent measurement

Subsequent to initial recognition the finance lease liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

Finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases - lessor

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease.

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the straight-lined lease payments and the contractual lease payments are

recognised as either an operating lease asset or operating lease liability.

An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.13. Inventories

Initial recognition and measurement

Inventories are initially measured at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their required location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress (WIP) and finished goods (FG), are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Derecognition

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.14 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- Its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.15. Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

Post-employment benefits

The entity provides post-employment benefits for its officials. These benefits are provided as either defined contribution plans or defined benefit plans. The entity identifies as defined contribution plans any post-employment plan in terms of which it has no obligation to make further contributions to the plan over and above the monthly contributions payable on behalf of employees (for example in the event of a funding shortfall). Any other plans are considered to be defined benefit plans.

Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

Post-retirement Medical Obligations

The municipality provides post-retirement medical benefits by subsidising the medical contributions of certain retired staff members according to the rules of the medical aid funds. Council pays 70% of the contributions and the remaining 30% is paid by the members.

The entitlement to post-retirement medical benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations, in accordance with GRAP 25 - "Employee Benefits". The plan is unfunded.

The contributions are recognised in the statement of financial performance when the employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method.
The liability is recognised at the present value of the defined benefit obligation at the reporting date,

minus the fair value of the plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of minimum funding requirements. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries, and are recognised in the Statement of Financial Performance upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.16. Provisions and contingencies

Provisions are recognised when:

a) the municipality has a present obligation as a result of a past event;
b) it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
c) a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

1.17. Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
b) The amount of revenue can be measured reliably; and
c) it is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

Specific exchange revenue sources

Service charges relating to electricity and water are based on consumption. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Electricity meters in industrial areas are read at the end of each month and billed the following month. Premises with high- tension electricity supplies are read and billed monthly.

Revenue arising from the consumption of electricity and water in the month of June is fully accounted for whether invoiced or not.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. At reporting date, an estimate of the prepaid electricity consumed is made and revenue is adjusted accordingly. The estimate is based on trend analysis and historical data of electricity consumption.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly based.

Rental income arising on facilities and equipment is accounted for on a straight-line basis over the lease terms on on-going leases.

License fees and permits are recognised in accordance with the substance of the agreements entered into.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and rebates.

1.18. Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Recognition

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount and once all the following criteria have been satisfied:
a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
b) The amount of revenue can be measured reliably; and
c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Council applies a flat rating system. The same rate factor is applied for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines are recognised when it is probable that future economic benefits will flow to the entity, the costs can be reliably measured and all restrictions have been complied with. Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information available from the courts, it is not possible to measure this revenue in the invoicing period.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.
Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

1.19. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20. Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No.56 of 2003), and includes:

a) overspending of the total amount appropriated in the municipality's approved budget;
b) overspending of the total amount appropriated for a vote in the approved budget;
c) expenditure from a vote unrelated to the department or functional area covered by the vote;
d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
f) a grant by the municipality otherwise than in accordance with this Act;

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21. Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22. Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and other entity are subject to common control.

Transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances are disclosed within the annual financial statements.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.24. Taxes - Value added tax

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.25. Capital commitments

Capital commitments disclosed in the financial statements represents the contractual balance committed to the capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.26. Consumer deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in-line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

2. Post-reporting date events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.
Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non- disclosure could influence the economic decisions of users taken on the basis of the financial statements.

3. New standards and Interpretations

3.1 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard / Interpretation	Effective date: Years beginning on or after
None	

3.2 Standards and Interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 April 2015 or later periods:

Standard / Interpretation	Effective date: Years beginning on or after	Expected impact:
GRAP 18: Segment Reporting	01 April 2017	No significant effect
GRAP 20: Related Parties	01 April 2017	No significant effect
GRAP 32: Service concession arrangements:	01 April 2016	No significant effect
GRAP 108: Statutory Receivables	01 April 2016	No significant effect
iGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	The impact of the amendment is not material.
GRAP 16 (as amended 2015): Investment Property	01 April 2016	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements
GRAP 17 (as amended 2015): Property, Plant and Equipment	01 April 2016	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements
GRAP 109: Accounting by Principals and Agents	01 April 2017	The impact of the amendment is not material.
GRAP 21 (as amended 2015): Impairment of non-cashgenerating Assets	01 April 2017	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements.
GRAP 26 (as amended 2015): Impairment of cashgenerating Assets	01 April 2017	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements.
Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	The impact of the amendment is not material.

Possible impact of initial application of standards of GRAP approved but not yet effective

GRAP 18: Segment Reporting – it is expected that this will only result in additional disclosures without affecting the underlying accounting.

GRAP 20: Related Parties - No significant impact is expected as the information is to a large extent already included in the financial statements.

GRAP 32: Service concession arrangements: Grantor – No significant impact is expected as no such transaction or events are expected in the foreseeable future.

GRAP 108: Statutory Receivables – No significant impact is expected as the information is to a large extent already included in the financial statements.

IGRAP 17: Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 16 (as amended 2015): Investment Property – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 17 (as amended 2015): Property, Plant and Equipment – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 109: Accounting by Principals and Agents – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 21 (as amended 2015): Impairment of non-cash-generating Assets – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 26 (as amended 2015): Impairment of cash-generating Assets – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
4 Other financial assets		
Amortised cost		
Long term loans	12 749	15 692
This loan is for a sport club and is repayable in monthly instalments over a period of twenty years. It has a fixed interest rate of 5% and will be fully redeemed in April 2020. This loan is not secured		
Opening Balance	15 692	18 493
Interest accrued	719	861
Installments	(3 662)	(3 662)
Closing Balance	12 749	15 692
Non-current assets		
Amortised cost	9 655	12 749
Current assets		
Amortised cost	3 094	2 943
	12 749	15 692

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2016 and 2015, as all the financial assets were disposed of at their redemption date.

Loans and receivables past due but not impaired

Loans and receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2016 - Rnil (2015 - Rnil) were past due but not impaired.

5 Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2016	Financial assets at amortised cost	Total
Other financial assets	12 749	12 749
Other receivables from exchange transactions	1 148 855	1 148 855
Other receivables from non-exchange transactions	5 407 784	5 407 784
Cash and cash equivalents	14 112 575	14 112 575
Trade receivables from exchange transactions	18 839 998	18 839 998
	39 521 961	39 521 961

2015	Financial assets at amortised cost	Total
Other financial assets	15 692	15 692
Other receivables from exchange transactions	3 309 113	3 309 113
Other receivables from non-exchange transactions	4 227 031	4 227 031
Cash and cash equivalents	11 118 836	11 118 836
Trade receivables from exchange transactions	17 785 907	17 785 907
	36 456 579	36 456 579

	2016 R	2015 R (Restated)

6 Inventories

Housing in process	55 080	55 080
Consumable stores	710 275	896 224
Water	106 106	185 426
	871 461	**1 136 730**

Stores issued amounted to R 1 557 102 and R 1 481 663 (2015).
No inventory write downs were required for the year.
No inventory were pledged as security.
No amount included in inventory is carried at current replacement cost or NRV.

7 Other receivables from exchange transactions

Deposits	895 169	657 635
Government Grants and Subsidies	158 842	158 842
Other receivables	166 061	29 933
Finance Lease refund from ABSA Bank		1 738 000
Prepayments	158 696	726 703
Provision for bad debts: Other Receivables	(29 933)	
	1 148 856	**3 309 113**

The ageing of other receivables from exchange transactions and not impaired is as follows:

Current (0-30days)	39 374	1 736 000
31-60 days	138 148	
61-90 days		633 380
91-120 days		
> 121 days	973 333	939 733
	1 148 856	**3 309 113**

Prior period adjustment

Balance previously reported	3 057 073
2015: Prepayments from BCDA unknown records written back as at 30 June 2015	(126)
2015: Prepayments - Insurance premiums paid in advance for July 2015 to September 2015	93 323
Earlier than 2015: Receivable from Dept of Human settlement incorrectly shown as Non-exchange transaction. Should be from Exchange transactions	158 842
	3 309 113

Other receivables pledged as security

Other receivables were not pledged as security.
Other receivables is a financial assets at amortised cost.

Credit quality of other receivables from exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information.
Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
8 Other receivables from non-exchange transactions		
Property rates	5 246 141	4 070 794
Other receivables	162 643	156 237
	5 407 784	4 227 031
Property rates		
Property rates	7 321 511	6 059 934
Provision for bad debts: Property rates	(2 075 370)	(1 989 140)
	5 246 141	4 070 794
Property rates age analysis		
Current (0-30days)	312 192	280 883
31-60 days	58 709	35 523
61-90 days	25 086	30 203
91-120 days	22 887	31 552
> 121 days	6 902 637	5 701 773
	7 321 511	6 059 934

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information.
Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

Allowance for impairment: Property rates		
Impairment balance prior year	(1 989 140)	(1 962 137)
Contributions to provision	(323 963)	(31 329)
Debt impairment written off against provision	236 733	4 326
	(2 076 370)	(1 989 140)

Other receivables

Other receivables		
Employees overpayment on backpay	231 831	231 831
Provision for bad debts: Employees overpayment	(231 831)	(231 831)
Insurance claims	17 121	17 121
Provision for bad debts: Insurance claims	(17 121)	
Employee overpayments	50 715	30 605
SARS UIF paid for Councillors	108 511	108 511
Other	3 417	
	162 643	156 237

Prior period adjustment	
Balance previously reported	4 386 473
2015: Other receivables: Makro (Dev Agency) Unknown receivable from Dev Agency written back as per 30 June 2015 records	(600)
Earlier than 2015: Receivable from Dept of Human settlement incorrectly shown as Non-exchange transaction. Should be from Exchange transactions	(158 842)
	4 227 031

As at 30 June 2016, other receivables from non-exchange transactions of R236 733 (2015: R4 326) were impaired and provided for.
The amount of the provision for Property Rates was R 2 076 370 as at 30 June 2016 (2015: R 1 989 140).
The amount of the provision for other receivables was R248 952 as at 30 June 2016 (2015: R231 831)
Other receivables from non-exchange transactions is a financial assets at amortised cost.
Other receivables from non-exchange transactions were not pledged as security.

Other receivables from non-exchange transactions past due but not impaired

The ageing of amounts for property rates past due but not impaired is as follows:

1 month past due	58 709	37 762
2 months past due	24 587	29 706
3 months past due	21 919	31 221
Older than 3 months (Government only)	4 827 735	3 711 222
	4 932 950	3 809 911

Other receivables from non-exchange transactions past due but not impaired

Older than 4 months	139 116	156 836
	139 116	156 836

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
9 Trade receivables from exchange transactions		
Gross balances		
Electricity	13 660 265	12 756 862
Water	11 333 899	10 888 971
Sanitation	1 685 045	1 555 020
Sewerage	4 975 365	4 859 456
Refuse	8 949 498	8 546 751
Other	1 184 509	1 021 393
	41 788 581	39 637 453
Trade receivables pledged as security		
Trade receivables were not pledged as security.		
Trade receivables is a financial assets at amortised cost.		
Prior period adjustment		
Balance previously reported		39 639 563
2015: Electricity: Incorrect electricity tariff used for billing an account for 10 months		17 898
2015: Water - Incorrect water levies for 2014/15 fin year for School because of broken water pipes		(6 214)
Earlier than 2015: Water - Incorrect water levies for 2013/14 fin year for School because of broken water pipes		(11 794)
		39 637 453
Less: Allowance for Impairment		
Electricity	(2 001 675)	(1 948 170)
Water	(8 000 472)	(7 876 291)
Sanitation	(1 454 258)	(1 301 844)
Sewerage	(3 661 374)	(3 541 881)
Refuse	(8 699 536)	(8 469 268)
Other	(912 270)	(714 092)
	(22 929 585)	(21 851 546)
Net balance		
Electricity	11 658 590	10 808 692
Water	3 333 427	3 012 680
Sanitation	210 790	253 176
Sewerage	1 313 992	1 317 575
Refuse	2 050 960	2 076 483
Other	272 239	307 301
	18 838 996	17 785 907
Electricity		
Current (0 -30 days)	8 262 828	5 967 417
31 - 60 days	1 365 913	1 104 929
61 - 90 days	560 545	704 823
91 - 120 days	595 501	552 529
>121 days	2 895 778	4 427 164
	13 660 265	12 756 862
Water		
Current (0 -30 days)	1 447 967	939 017
31 - 60 days	508 042	327 306
61 - 90 days	238 624	287 248
91 - 120 days	236 848	246 996
>121 days	8 907 418	9 088 406
	11 333 899	10 888 971
Sanitation		
Current (0 -30 days)	41 072	26 399
31 - 60 days	14 352	15 039
61 - 90 days	14 373	15 457
91 - 120 days	13 958	15 352
>121 days	1 581 291	1 492 173
	1 685 045	1 555 020

	2016 R	2015 R (Restated)
9 Trade receivables from exchange transactions (continued)		
Sewerage		
Current (0 -30 days)	552 271	305 490
31 - 60 days	154 717	155 129
61 - 90 days	114 695	148 126
91 - 120 days	100 751	118 721
>121 days	4 052 732	4 131 984
	4 975 166	4 859 456
Refuse		
Current (0 -30 days)	786 805	446 030
31 - 60 days	218 168	221 116
61 - 90 days	176 830	200 870
91 - 120 days	162 981	190 792
>121 days	7 604 912	7 486 944
	8 949 496	8 545 751
Other		
Current (0 -30 days)	78 145	50 285
31 - 60 days	34 877	30 259
61 - 90 days	18 141	68 072
91 - 120 days	20 980	10 095
>121 days	1 032 368	852 682
	1 184 509	1 021 393
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	11 158 788	7 744 644
31 - 60 days	2 284 069	1 854 377
61 - 90 days	1 121 208	1 424 594
91 - 120 days	1 130 019	1 134 485
>121 days	26 074 497	27 479 353
	41 768 581	39 637 453
Less: Allowance for impairment	(22 928 583)	(21 851 546)
	18 839 998	17 785 907
Reconciliation of debt impairment provision		
Balance at beginning of the year	(21 851 546)	(21 814 125)
Contributions to provision	(4 939 322)	(4 216 424)
Receipts for receivables already written off		(16 692)
Debt relief project	15 928	
Debt impairment written off against provision	3 846 357	4 195 695
	(22 928 583)	(21 851 546)
Fair value of trade receivables from exchange transactions		
Trade receivables from exchange transactions	18 839 998	17 785 907

The fair value has been determined by using the face value of the outstanding capital.

Trade receivables impaired

As at 30 June 2016, consumer debtors of R3 846 357 (2015: R 4 195 695) were impaired and provided for.
The amount of the provision was R22 928 583 as at 30 June 2016 (2015: R 21 851 546).

Trade receivables from exchange transactions past due but not impaired

The ageing of amounts for exchange transactions past due but not impaired is as follows:

1 month past due	2 064 723	1 802 101
2 months past due	963 184	1 183 720
3 months past due	937 502	969 338
Older than 3 months	7 705 012	6 215 458
	11 670 421	10 170 617

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information.
Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

	2016 R	2015 R (Restated)

10 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash: on hand	1 690	1 690
Bank balances	1 449 857	885 736
Short-term deposits	12 661 028	10 231 410
	14 112 575	**11 118 836**

No restrictions exist with regard to the use of cash.

Cash and cash equivalents pledged as collateral

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liabilities.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA Bank - Fixed deposit - 2053825035	7 500	7 500	7 500	7 500	7 757	7 757
ABSA Bank - Fixed deposit - 2055844786		-	23 867		-	24 535
ABSA Bank - Call account - 9067623600		10 124 481	4 632 620		10 143 224	4 648 802
Nedbank - Money market - 1263036023	4 751	5 123	5 800	4 751	5 123	5 800
Nedbank - Fixed deposit - 18312491	4 600	4 600	4 600	4 600	4 600	4 600
Nedbank - Money market - 1263034756	73 212	70 706	68 648	73 212	70 706	68 648
Nedbank - Fixed deposit - 37881100877		-	10 000 000		-	10 052 164
Nedbank - 12 month Fixed deposit - 37881100877	4 000 000			4 236 575		
ABSA - Cheque account - 2200000008	168 788	478 471	3 383 054	168 788	627 873	3 528 421
ABSA - Cheque account - 4064779134		-	162 925		-	163 461
FNB - Cheque account - 62541421046	1 186 300	254 711		1 281 069	254 711	
ABSA - Cheque account - 4061722786		(4 541)			3 152	
FNB - Call account - 62595970005	8 334 390	-		8 334 390	-	
Total	**13 778 541**	**10 939 061**	**18 269 114**	**14 119 685**	**11 117 146**	**18 504 188**

The municipality has a guarantee at ABSA bank to the value of R8 000 (2015: R7 500) relating to the personal bonds of one municipal employee.

The municipality has Term loan facilities at ABSA bank to the value of R13 107 000 (2015: R14 557 000)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)

11 Investment property

	2016 Cost/ Valuation	2016 Carrying Value	2015 Cost/ Valuation	2015 Carrying Value
	R	R	R	R
Investment property	95 004 215	95 004 215	69 535 377	69 535 377

Reconciliation of investment property - 2016

		Opening balance	Additions	FV Adjustments	Total
		R	R	R	R
Investment properties:	Land	51 905 539		37 535 996	89 441 535
	Buildings	17 629 838	12 921	(12 080 079)	5 562 680
		69 535 377	12 921	25 455 917	95 004 215

Reconciliation of investment property - 2015

		Opening balance	Additions	FV Adjustments	Total
		R	R	R	R
Investment property:	Land	47 499 643		4 405 896	51 905 539
	Buildings	17 629 838			17 629 838
		65 129 481	0	4 405 896	69 535 377

Prior period adjustment

Balance previously reported	51 451 360
2015: Fair value adjustment due to prior to 2015 error on investment properties classifications and properties excluded from fixed assets register	43 792
Prior to 2015: Farms and other land not included in the investment properties fixed assets register	18 040 225
	69 535 377

Rental revenue from investment property: R132 788 (2015: R124 033)
Direct operating expenses arising from investment property that generated rental revenue: Rnil (2015: Rnil)

Pledged as security

No investment property have been pledged as security for loans

Details of valuation

The effective date of the revaluation was at 30 June 2016. Valuations were performed by an independent valuer from, Mr Daniel Grobler under the supervision of Ducharme Consulting CC. The independent valuer is not related to the Municipality and has recent experience in the location and category of the investment property that have been valued.

The valuation was based on open market value for existing use.

Investment property is split between land and improvements R89 441 535 and R5 562 680 (2015: R33 821 522 and R17 629 838) respectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)

12 Property, plant and equipment

	2016 Cost/ Valuation	2016 Accumulated depreciation/ impairment	2016 Carrying Value	2015 Cost/ Valuation	2015 Accumulated depreciation/ impairment	2015 Carrying Value
	R	R	R	R	R	R
Land	20 129 272		20 129 272	20 129 272		20 129 272
Buildings	144 532 668	(75 478 919)	69 053 749	142 068 102	(72 159 485)	69 908 617
Plant and equipment	1 531 917	(864 507)	667 410	1 404 552	(681 067)	723 485
Furniture and fixtures	4 641 041	(2 696 193)	1 944 848	4 274 687	(2 178 099)	2 096 788
Motor vehicles	18 950 533	(4 177 630)	14 772 903	16 262 943	(2 770 030)	13 492 913
Office equipment	6 641 053	(4 434 265)	2 206 788	6 157 277	(3 585 637)	2 571 640
Infrastructure	882 369 417	(438 376 548)	443 982 869	879 461 758	(411 744 951)	467 746 807
WIP	29 695 665	-	29 695 665	26 629 412	-	26 629 412
Landfill sites	17 994 300	(8 361 281)	9 633 019	17 994 300	(6 475 638)	11 518 662
Total	1 126 376 866	(534 289 343)	592 086 523	1 114 412 503	(499 594 907)	614 817 596

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	20 129 272						20 129 272
Buildings	69 908 617			2 464 666	(3 319 434)		69 053 749
Plant	723 485	131 769	(4 394)		(183 440)		667 410
Furniture and fixtures	2 096 788	266 697	(543)		(418 094)		1 944 848
Motor vehicles	13 492 913	2 989 339	(301 749)		(1 407 600)		14 772 903
Office equipment	2 571 640	532 228	(48 452)		(848 628)		2 206 788
Infrastructure	467 746 807			2 867 659	(26 631 597)		443 982 869
WIP	26 629 412	6 398 478		(5 332 225)			29 695 665
Landfill sites	11 518 662				(1 885 643)		9 633 019
Total	614 817 596	12 318 501	(355 138)	-	(34 694 436)	-	582 086 523

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	20 129 272						20 129 272
Buildings	59 052 541	6 472 652		7 553 137	(3 169 713)		69 908 617
Plant and equipment	673 994	206 788			(157 297)		723 485
Furniture and fixtures	2 335 707	186 671			(422 440)	(3 150)	2 096 788
Motor vehicles	9 234 231	4 831 587	(7 656)		(565 250)		13 492 913
Office equipment	3 114 924	473 901			(860 507)	(56 676)	2 571 640
Infrastructure	464 828 932	7 678 693		21 516 561	(26 276 399)		467 746 807
WIP	37 040 578	18 657 562		(29 068 718)			26 629 412
Landfill sites	13 677 208				(2 158 546)		11 518 662
Total	610 087 387	38 507 844	(7 656)	-	(33 710 152)	(59 828)	614 817 596

Prior period adjustment

Balance previously reported	613 387 824
2015: Adjust depreciation of Landfill site because of reassessment done on the remaining useful life of the sites and additional cost identified.	(913 499)
2015: Adjust depreciation on Buildings because of changes to the buildings classifications from prior periods.	(22 219)
2015: Adjust depreciation on Infrastructure - National roads incorrectly shown as Municipality's assets	392 187
Earlier than 2015: Adjust carrying value of Infrastructure - National roads incorrectly shown as Municipality's assets	(8 479 713)
Earlier than 2015: Adjust Carrying value of Land because of changes to the Land classifications and deletions because of changes to Provincial roads.	1 843 377
Earlier than 2015: Adjust Carrying value of Buildings because of changes to the buildings classifications.	305 754
Earlier than 2015: Adjust Carrying value of Landfill site because of reassessment done on the remaining useful life of the sites and additional cost identified	8 303 885
	614 817 596

	2016	2015
Assets subject to finance lease (Net carrying amount)		
Vehicles and Plant	3 134 839	3 926 137
Office equipment	233 444	555 787
	3 368 283	4 481 924

See note 17 on finance leases for assets held under finance lease.

No property, plant and equipment has been pledged as security for liabilities

	2016 R	2015 R (Restated)

13 Intangible assets

	2016			2015		
	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value
	R	R	R	R	R	R
Computer software	18 765	(11 836)	6 929	18 765	(7 145)	11 620

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Computer software	11 620		-	-	(4 691)	-	6 929

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Computer software	16 311		-	-	(4 691)	-	11 620

Other information

Fully amortised intangible assets still in use

Certain computer software packages (not material to the municipality's operations) with finite useful lives which have been fully depreciated are still in use by the municipality to some extent.

14 Heritage assets

	2016			2015		
	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value
	R	R	R	R	R	R
	458 067		458 067	458 067		458 067

Reconciliation of heritage assets - 2016

Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
458 067		-	-	-	-	458 067

Reconciliation of heritage assets - 2015

Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
458 067	-	-	-	-	-	458 067

	2016 R	2015 R (Restated)

15 Employee benefit obligations

Defined benefit plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

In-service members will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement.

All continuation members and their eligible dependents receive a subsidy of either 60% or 70%.

Upon a member's death-in-service or death-in-retirement the surviving dependants will continue to receive the same between 60% and 70% subsidy.

All subsidies are subject to a maximum of R3 871 for the year ending 30 June 2017. The maximum subsidy amount has been assumed to increase in the future at 75% of salary inflation.

Principal assumptions

Discount rate
Grap 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistant with the estimated term of the post-employment liabilities should be used.
Consequently, a discount rate of 9.18% per annum has been used. The corresponding index-linked yield at this term is 1,79%. These rates do not reflect any adjustment for taxation. These rates were deducted from the yield curve obtained from the Bond Exchange of South Africa after the market close on 30 June 2016.

The rate is calculated by using a liability-weighted average of yields for the three components of the liability. Each component's fixed-interest and index-linked yield was taken from the bond yield curve at that component's duration, using an iterative process.

Financial assumptions	
Discount rate	9.18%
Health care cost inflation rate	8.27%
Nett effective discount rate	0.84%

The next contribution rate increase is assumed to occur at 1 January 2017.

Demographic assumptions	
Average retirement age	63 (males)/ 58 (Females)
Continuation of membership at retirement	100%
Proportion assumed married at retirement	70%

Accrued Liability Values

Carrying value		
Opening Accrued Liability	19 561 570	16 234 545
Service cost	1 005 729	783 779
Interest cost	1 701 268	1 425 332
Benefits paid	(508 224)	(478 248)
Actuarial (gain) / loss recognised in the year	(1 342 181)	1 596 163
Closing Accrued Liability	**20 418 161**	**19 561 570**
Non-current liabilities	19 917 797	19 053 346
Current liabilities (Estimate of benefits payments expected in the next annual period)	500 364	508 224
	20 418 161	**19 561 570**

The total liability has increased by 4.4% (or R 856 591) since the last valuation

The extent of unexpected increases or decreases in the liability over the period from the previous valuation date to the current can be summarised in the following main components:

Actuarial (Gain)/Loss for the period	(1 342 181)
Contribution to Actuarial (Gain)/Loss:	
Basis changes: Increase in net discount rate	(528 639)
Decrease maximum subsidy inflation to 75% of salary inflation	(727 220)
Contribution increases higher than assumed	85 267
Changes to membership profile different from assumed	(171 589)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
15 Employee benefit obligations (continued)		
Net expense recognised in the statement of financial performance		
Current service cost	1 005 728	783 778
Benefits paid	(508 224)	(478 248)
Total included in employee related costs	**497 504**	**305 530**
Actuarial (Gain)/Loss recognised in statement of financial performance	**(1 342 181)**	**1 596 163**
Interest cost included in Finance costs	**1 701 268**	**1 425 332**
	856 591	**3 327 025**
Estimate of contributions expected to be paid to the plan in the next financial year	**(500 364)**	**(508 224)**

Sensitivity analysis on the accrued liability (R millions)

Assumption	Change	In-service	Continuation	Total	% change
Central Assumptions		14 117	6.301	20.418	
Health care inflation	1%	15.576	6.786	22.361	10%
	-1%	12.453	5.798	18.252	-11%
Discount Rate	1%	12.092	5.761	17.853	-13%
	-1%	16.656	6.941	23.597	16%
Post-retirement mortality	-1yr	14.588	6.559	21.147	4%
Average retirement age	-1yr	14.709	6.301	21.011	3%
Continuation of membership at retirement	-10%	12.743	6.301	19.044	-7%

Sensitivity analysis on Current-service and Interest Costs for the year ending 30/06/2016

Assumption	Change	Current-Service Cost	Interest Cost	Total	% change
Central Assumptions		1 005 700	1 701 300	2 707 000	
Health care inflation	+1%	1 200 500	1 956 600	3 157 100	17%
	-1%	835 000	1 479 100	2 314 100	-15%
Discount Rate	+1%	836 600	1 644 500	2 481 100	-8%
	-1%	1 224 900	1 758 300	2 981 200	10%
Post-retirement mortality	-1yr	1 041 400	1 767 000	2 808 400	4%
Average retirement age	-1yr	1 067 800	1 791 400	2 859 200	6%
Continuation of membership at retirement	-10%	913 200	1 593 900	2 507 100	-7%

History of liabilities, Assets and Experienced Adjustments (R millions)

Liability History	30/06/2012	30/06/2013	30/06/2014	30/06/2015	30/06/2016
Accrued liability	16.453	13.661	16.235	19.562	20.418
Fair value of plan asset	0.000	0.000	0.000	0.000	0.000
Surplus/(Deficit)	(16.453)	(13.661)	(16.235)	(19.562)	(20.418)

History of experience adjustments: Gains and Losses (R millions)

Experience adjustments		30/06/2013	30/06/2014	30/06/2015	30/06/2016
Liabilities: (Gain)/Loss		(1.754)	0.346	1.321	(0.086)
Assets: Gain/(Loss)		0.000	0.000	0.000	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
16 Other financial liabilities		
Held at amortised cost		
Standard Bank	3 300 000	
Absa Bank loans	11 560 140	14 243 013
	14 860 140	14 243 013

A loan of R3,5 million was taken up from ABSA Bank (R1 000 000 on 19/10/2010 and R2 500 000 on 06/06/2012). Instalments are R125 114.50 (9.75%) and R321 680.34 (9.74%) respectively. Both loans are over a period of 5 years and is semi-yearly payable. A Further loan from ABSA was taken up on 5 June 2015 of R13 000 000 at a fixed interest rate of 9.62%. Installments of R1 675 282 will be semi-yearly payable. The Municipality budgeted to redeem this loan in full on 30 November 2016 from MIG grant receivable On 30 June 2016, a loan of R3 300 000 was also taken up from Standard Bank for the financing of vehicles purchased during the year at a fixed interest rate of 11.56%. Installments of R443 845 will be semi-yearly payable.

No defaults or breaches or re-negotiations of the terms and conditions occurred during the year.

The ABSA Bank loans are not secured, but the following covenants are applicable for the R13 000 000 loan:

1. Consumer debtor's collection rate to be maintained at >65%,
2. Net cash from operating activities to interest bearing debt not to deteriorate below 60%, and
3. Total interest bearing debt to annual operating revenue not to exceed 40%.

The Standard Bank loan is not secured , but the following covenants are also applicable for the R3 300 000 loan:

1. Debt to Revenue ratio: to be maintained at a level that is less than or equal to 50%.
2. Billings to collection rate to be maintained at a level that is greater than or equal to 87.3%.
3. Interest paid to total cost to be maintained at a level that is less than or equal to 7.5%.

Non-current liabilities		
At amortised cost	2 779 316	11 526 565
Current liabilities		
At amortised cost	12 080 824	2 716 448
	14 860 140	14 243 013
Opening Balance	14 243 013	1 887 249
Loan received	3 300 000	13 000 000
Interest accrued	1 311 052	255 818
Payments	(3 993 925)	(900 054)
Closing Balance	14 860 140	14 243 013

17 Finance lease obligation		
Minimum lease payments due		
- within one year	1 430 531	1 497 696
- in second to fifth year inclusive	2 633 959	4 061 963
	4 064 490	5 559 659
less: future finance charges	(642 876)	(1 072 049)
Present value of minimum lease payments	3 421 616	4 487 610
Present value of minimum lease payments due		
- within one year	1 133 398	1 066 331
- in second to fifth year inclusive	2 288 219	3 421 279
	3 421 616	4 487 610
Non-current liabilities	2 288 219	3 421 279
Current liabilities	1 133 398	1 066 331
	3 421 616	4 487 610

It is municipality policy to lease certain plant and equipment under finance leases.
The average lease term was 3- 5 years and the average effective borrowing rate was between 9.30% and 9.55% for plant and 14.2% for office equipment. Interest rates are linked to prime at the contract date. No arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 12. Property, plant and equipment for the carrying value of assets subject to finance lease.

There are no subleases

Defaults and breaches

There were no default during the period of principal, interest, sinking fund or redemption terms of loans payable.

	2016 R	2015 R (Restated)
18 Unspent conditional grants and receipts		
Other grants	6 339 006	1 210 503

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as per the following table totalling R6 339 006
Where conditions have been met, the amounts were recognised as revenue and is shown under the transfer columns per the following table.
The municipality complied with all the conditions attached to the grants / allocations.
These amounts are invested in a ring-fenced investment until utilised.

Grant description	Unspent balance 2015	Receipts	Adjustments / written off	Transfer operating expenditure	Transfer capital expenditure	Unspent balance 2016
Municipal Infrastructure Grant (MIG)	-	20 982 000	(6 396 471)	(681 561)	(9 191 625)	5 712 343
MSIG Funds	-	930 000		(724 794)	(205 206)	-
FMG	-	1 600 000		(1 600 000)		-
Lotto Grant for sport facilities	600 000				(600 000)	-
DR WH CRAIB TRUST	13 015					13 015
Deployment of LED	87 418			(87 418)		-
Fire and Disaster	-	472 000		(472 000)		-
Depart Sport: Library admin cost	-	2 197 000		(2 197 000)		-
EPWP	-	1 000 000		(1 000 000)		-
ACIP Water conservation	312 154	2 754 352			(2 758 329)	308 177
Nunu Mbona Consulting (LED)		150 000		(150 000)		-
Abafazi Rural Project (LED)		150 000				150 000
Resourcing Youth Centre (LED)	102 703					102 703
Craft Project (LED)	95 213			(42 445)		52 768
	1 210 503	30 235 352	(6 396 471)	(6 955 218)	(12 755 160)	6 339 006

The municipality received certain grant allocations during the year from various public entities (amounts disclosed above per project / allocation) - these receipts / grant allocations had to be utilised for the following main purposes:

National Treasury (MIG, MSIG & FMG) :	Municipal systems improvement and financial management projects. and Municipal Infrastructure (MIG)
Sarah Baardman District municipality:	Fire fighting and LED projects
Eastern Cape Department of Roads and Public Works:	Labour intensive projects to promote job creation for unemployed people
Department of Sport and Agriculture:	Administration cost for Libraries
National Lottery funds:	Sporting facilities

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)

19 Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	21 622 930	2 007 672	-	23 630 602
	21 622 930	2 007 672	-	23 630 602

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	19 725 352	1 897 578	-	21 622 930
	19 725 352	1 897 578	-	21 622 930

Prior period adjustment	
Balance previously reported	7 852 994
2015: Re-calculate landfill site provision cost because of the re-calculation on the Somerset East landfill site estimated useful life and additional cost identified	1 199 842
Earlier than 2015: Re-calculate landfill site provision cost because of the re-calculation on the Somerset East landfill site estimated useful life and additional cost identified.	12 470 294
	21 622 930

	2016	2015
Non-Current liability		
Amortised cost	23 630 602	21 622 930
	23 630 602	21 622 930

Environmental rehabilitation provision

The above rehabilitation provision includes the thre towns of Somerset East, Cookhouse and Pearston.

All landfill sites financial implications and valuations are determined in terms of Section 28 of the National Environmental Management Act, Act no. 107 of 1998.

The effective date of all valuations was 30 June 2016 and was done and certified by Mr. S Nel, Professional Engineer, from Bosch Munitech.

In Calculating the provision for rehabilitation, the following have been included:
- Direct contract costs
- Indirect Professional Fees
- Indirect disbursements
- Escalation

No rehabilitation has taken place on Cookhouse or Pearston landfill sites during the current year, while covering has partly taken place at Somerset East landfill site. Due to the operating procedures, the operating area of Somerset East has increased from 3.2Ha to 4.7Ha and Cookhouse has increased in size from 0.2Ha to about 0.5Ha over two years, while the size of the operating area of Pearston has remained constant.

Monetary values for landfill sites at 30 June 2016:		
	Cookhouse	R 1 394 339
	Pearston	R 3 927 124
	Somerset East	R 18 309 139
		R 23 630 602

20 Payables from exchange transactions

Trade payables	12 992 674	11 913 128
Payments received in advanced	339 644	366 446
Accrued leave pay	4 831 608	4 037 343
Accrued 13th cheque	1 641 725	1 568 208
Accrued performance bonus	575 588	387 443
Employee cost in arrears		98 045
Retention on Capital Projects	567 842	1 227 185
Previous employees of Dev Agency	813 694	813 694
Deposits received	126 827	98 914
	21 889 402	20 540 404

Prior period adjustment	20 003 815
2015: Trade Payables - Water usage for May and June 2015 from Dept of water and Sanitation. Invoices received late.	175 904
2015: Trade Payables - Software Licence fees payable to Bytes for June 2015 not taken into account as expense	30 138
2015: Trade Payables - Software usergroup development charges for 2014/15 share of costs - Invoice received in Nov 2015	16 271
2015: Trade Payables - Legal Fees for various labour cases attended to in June 2015 - Invoice only received in September 2015	41 843
2015: Trade Payables - Member of Audit Committee Professional Services rendered not paid for June 2015 meeting	6 019
2015: Trade Payables - Internal audit fee from service provider for June 2015 - Invoice only received in December 2015	102 818
2015: Employee cost in arrears - Acting allowance for Librarian not paid for the period September 2014 to June 2015	62 285
2015: Trade payables - Incorrect payables in the records of BCDA - now written back	(10 890)
2015: Previous employees of Dev Agency - Incorrect leave balances from Dev Agency employees adjusted	24 544
Earlier than 2015: Trade Payables - Incorrect salaries payable to employees in 2013/14 financial year, not payable to employees	(8 739)
Earlier than 2015: Backpay to Fire Officers on standby allowances and overtime due to back dated salary increase - 2008 to 2013	35 760
Earlier than 2015: Water tariff change for period July 2013 to December 2013 - additional charges from Dept water and sanitation	1 571
Earlier than 2015: Payments received in advance - Billing credit balance of year 2007 written back, wrongly raised as instalment	(1 036)
	20 540 404

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
21 Trade and other payables from non-exchange		
Trade and other	254 717	142 547
22 VAT payable		
VAT	2 772 863	2 174 196
Prior period adjustment		
Balance previously reported		1 791 569
2015: Trade Payables - Water usage for May and June 2015 from Dept of water and Sanitation. Delayed billing.		(21 602)
2015: Trade receivables - Incorrect electricity tariff billed to consumer for 10 months		2 198
2015: Trade Payables - Software Licence fees payable to Bytes for June 2015 not taken into account as expense		(3 701)
2015: Trade Payables - Legal Fees for various labour cases attended to in June 2015 - Invoice only received in Sept 2015		(5 139)
2015: Trade Payables - Software usergroup development charges for 2014/15 share of costs - Invoice received in Nov 2015		(1 996)
2015: Trade Payables - Internal audit fee from service provider for June 2015 - Invoice only received in December 2015		(12 827)
2015: Trade Payables - Member of Audit Committee Professional Services rendered not paid for June 2015 meeting		(739)
2015: Trade receivables - Incorrect water levies for Fishriver School because of broken water pipes and theft		(1 009)
2015: Finance leases: VAT incorrectly deducted from finance costs - Invoices of Fintech did not allocate correct VAT on capital portion		13 951
2015: Former BCDA office was not legally VAT registered and therefore could not claim VAT		414 741
Earlier than 2015: Trade Receivables - Incorrect water levies for Fishriver School because of broken water pipes and theft		(1 448)
		2 174 196

VAT is payable on the receipts basis. VAT is claimed from and paid over to SARS only once payment is made on a tax invoice or payment is received from debtors.

23 Consumer deposits		
Electricity & water	2 462 971	2 238 008

24 Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

	Financial liabilities at amortised cost	Total
2016		
Other financial liabilities	(14 860 140)	(14 860 140)
Finance lease	(3 421 615)	(3 421 615)
Trade and other payables from non-exchange	(254 717)	(254 717)
Payables from exchange transactions	(16 718 150)	(16 718 150)
	(35 254 622)	(35 254 622)
2015		
Other financial liabilities	(14 243 013)	(14 243 013)
Finance lease	(4 487 610)	(4 487 610)
Trade and other payables from non-exchange	(142 547)	(142 547)
Payables from exchange transactions	(16 106 615)	(16 106 615)
	(34 979 785)	(34 979 785)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
25 Revenue		
Property rates	10 097 775	9 054 976
Service charges	97 432 081	90 568 975
Rental of facilities and equipment	62 668	46 406
Interest received (trading)	3 152 852	3 185 589
Interest received	1 448 111	819 974
Income from agency services	675 918	600 079
Fines	59 960	39 788
Licences and permits	745 197	802 412
Government grants and subsidies	70 588 771	72 544 675
Fees earned	864 125	439 202
General	834 911	608 812
Private Work	182 942	183 147
Gains on disposal of assets		91 945
Gain on investment properties fair valuation	25 455 917	4 405 896
Other income	733 647	1 970 990
	212 332 893	185 361 865
Prior Period adjustment		
Balance previously reported		185 309 578
2015: Fair value adjustment due to prior to 2015 error on investment properties classifications and properties excluded from fixed assets register		43 792
Service charges: Incorrect electricity tariff billed for 10 months to 1 consumer		15 700
Service charges: Incorrect water levies for Fishriver School because of broken water pipes and theft		(7 205)
		185 361 865
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	97 432 081	90 568 975
Rental of facilities & equipment	62 668	46 406
Interest received - trading	3 152 852	3 185 589
Interest received	1 448 111	819 974
Income from agency services	675 918	600 079
Licences and permits	745 197	802 412
Fees earned	864 125	439 202
General	834 911	608 812
Private Work	182 942	183 147
Miscellaneous other revenue	733 647	1 970 990
	106 130 459	99 224 668
The amount included in revenue arising from non-exchange transactions is as follows:		
Property rates	10 097 775	9 054 976
Fines	59 960	39 788
Government grants & subsidies	70 588 771	72 544 675
	80 746 526	81 639 439

Collectability of amounts

At the time of initial recognition of revenue it is inappropriate to assume that the collectability of amounts owing by individual recipients of goods and services will not occur due to the fact that the municipality has an obligation to collect all revenue.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
26 Property rates		
Rates received		
All properties	10 097 775	9 054 976
Valuations		
Agricultural	3 101 701 300	3 111 416 900
Commercial	125 481 150	148 489 050
Government	1 394 100	132 931 200
Residential	470 754 300	509 784 600
State	330 342 600	302 403 200
	4 029 673 450	4 205 034 950

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2012.Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis with the final date for payment being 30 June 2016 (30 June 2015). Interest at prime plus 1% per annum (2015:prime plus 1% per annum), is levied on rates outstanding one month after due date.

A general rate of 0.00053 for agricultural properties, 0.00847 for business properties, 0.00723 for residential properties, 0.00145 for government infrastructure properties and 0.01421 for government properties is applied to property valuations to determine assessment rates (2015: 0.00048 - agricultural properties, 0.00770 - business properties, 0.00657 - residential properties, 0.01292 - government properties and 0.01450 for Government Infrastructure). Rebates of the first R15 000 on the value of residential properties and the first 30% on the value of government infrastructure properties are granted. (2015: R15 000 - residential properties and 30% government infrastructure).

27 Service charges		
Sale of electricity	79 372 899	71 387 745
Sale of water	9 399 233	9 883 641
Sewerage and sanitation charges	3 763 919	4 013 297
Refuse removal	4 656 817	5 077 420
Other service charges	239 213	206 872
	97 432 081	90 568 976

Electricity losses incurred during the year - R11 088 838 (24%) - 2016: R10 032 771 (24%)
Water losses incurred during the year - R5 200 721 (50%), - 2015: R4 071 965 - (44%)

28 Investment revenue		
Interest revenue		
Interest	719	861
Bank	1 445 392	818 113
	1 446 111	818 974

The amount of R1 446 111 (2015: R818 974) is included under revenue arising from exchange transactions

29 Government grants and subsidies		
Equitable share	44 654 000	42 429 000
Government grant - MIG	15 289 657	15 891 000
Government grant - FMG	1 600 000	1 600 000
Provincial and District Municipality grants	7 517 114	11 080 430
Government grant - MSIG	930 000	934 000
Government grant - NER		524 667
National Lottery	600 000	
National Treasury - MFIP	18 000	
Other		85 578
	70 588 771	72 544 675
30 Other income		
Insurance claims	117 856	1 165 863
Biltong festival	342 508	614 764
Housing	106 557	85 082
Cashier surpluses	3 021	7 800
SDL Claims	121 310	92 840
Old consumer debt recovered	27 835	
Settlement discount	590	
Sub-division/rezoning fees	13 970	4 641
	733 647	1 970 990

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
31 Employee related costs		
Basic	45 807 898	40 701 974
Bonus	2 193 682	2 068 954
Medical aid - company contributions	2 353 008	2 098 087
UIF	412 786	382 216
WCA	458 363	440 349
SDL	592 081	511 252
Leave pay accrued	1 176 139	809 579
Post-employment benefits - Pension - Defined contribution plan	497 504	305 530
Travel, motor car, accommodation, subsistence and other allowances	2 023 814	1 926 002
Overtime payments	2 684 419	2 610 952
13th Cheques provision charge	1 641 725	1 568 206
Other allowances	2 701 528	1 702 678
Bargaining council	27 618	25 005
Other contributions	2 997	3 078
Pension contributions (employers contributions)	7 183 257	6 377 098
	69 756 814	**61 618 960**
Prior Period adjustment		
Balance as previously reported		61 456 675
Other Allowances - Acting allowance for Librarian not paid for the period September 2014 to June 2015		82 285
		61 618 960
Remuneration of municipal manager		
Annual Remuneration	919 878	783 415
Car Allowance	120 000	120 000
Contributions to UIF, Medical and Pension Funds	1 872	1 866
	1 041 750	**905 281**
Remuneration of chief finance officer		
Annual Remuneration	793 459	722 346
Car Allowance	60 000	60 000
Contributions to UIF, Medical and Pension Funds	1 872	1 866
Acting allowance (Municipal Manager)	9 321	
	864 652	**784 212**
Remuneration of manager - corporate services		
Annual Remuneration	733 459	662 346
Car Allowance	120 000	120 000
Contributions to UIF, Medical and Pension Funds	1 872	1 866
	855 331	**784 212**
Remuneration of manager - community services		
Annual Remuneration	719 393	599 176
Car Allowance	120 000	120 000
Contributions to UIF, Medical and Pension Funds	1 872	1 866
	841 265	**721 042**
Remuneration of manager - Infrastructure		
Annual Remuneration	701 119	583 528
Car Allowance	152 340	152 340
Contributions to UIF, Medical and Pension Funds	1 872	1 866
	855 331	**737 734**
32 Remuneration of councillors		
Mayor: NM Scott	730 632	693 629
Chairperson: Corporate Services BA Maruowani	295 423	279 882
Chairperson: Impac WH Greeff	295 423	279 882
Chairperson: Community Services M Nontyi	295 423	279 882
Chairperson: Technical Services NP Yantolo	295 423	279 882
Councillor KC Brown	234 807	222 697
Councillor CFB Du Preez	234 807	222 697
Councillor NG Mjikelo	234 807	222 697
Councillor Z Funisela	234 807	222 697
Councillor MK Mali	234 807	222 697
Councillor RM Bradfield	234 807	222 697
	3 321 166	3 149 339
In-kind benefits		
The following Councillors received benefits in-kind:		
Councillor NG Mjikelo	224 920	
Chairperson: Technical Services NP Yantolo	25 850	
	3 571 936	**3 149 339**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
33 Debt impairment		
Allowance for impairment	5 310 340	4 247 753
Debts written off	3 094 507	3 416 534
	8 404 847	7 664 287
34 Finance costs		
Trade and other payables	1 311 052	256 818
Finance leases	433 830	113 603
Interest cost - Landfill sites liability	2 007 672	1 897 579
Interest cost - PRMA liability	1 701 268	1 425 332
	5 453 822	3 692 332
Interest expense is calculated using the effective interest rate.		
Prior Period adjustment		
Balance as previously reported		2 478 739
Landfill sites: Re-calculate landfill site provision cost because of the re-calculation on the Somerset East landfill site estimated useful life.		1 199 642
Finance leases: VAT incorrectly deducted from finance costs - Invoices of Fintech did not allocate correct VAT on capital portion		13 951
		3 692 332
35 Bulk purchases		
Electricity	66 874 450	56 788 986
Water	1 122 132	928 653
	67 996 582	57 717 639
Prior Period adjustment		
Balance as previously reported		57 563 340
Water - Bulk purchases: Water for May and June 2015 from Dept of Water and Sanitation. Invoice received late because of delayed billing		154 299
		57 717 639
36 General expenses		
Advertising	283 991	399 692
Auditors remuneration	3 817 856	3 063 097
Bank charges	155 967	352 554
Consulting and professional fees	2 703 403	3 802 488
Consumables	280 434	257 324
Donations	8 120	5 000
Entertainment/Music Festival	968 727	856 712
Insurance	498 046	505 601
Conferences and seminars	57 462	50 031
Rentals ad hoc	287 669	528 574
Refuse Bags	281 741	272 624
Magazines, books and periodicals	29 092	31 559
Fuel and oil	2 664 968	2 704 229
Printing and stationery	1 025 308	1 014 774
Protective clothing	264 684	218 401
Security (Guarding of municipal property)	1 091 485	1 285 056
Telephone and fax	2 742 010	2 608 375
Transport and freight	1 262	27 454
Training	91 480	239 503
Title deed search fees	25 773	35 411
Tourism development	370 000	361 870
Licences	623 348	602 097
Stipends - ward committee	671 570	646 407
Agency services: Cacadu Dev Agency	720 000	2 783 016
Obsolete/(surplus) stock	2 415	9 534
Conditional grant expenditure	2 252 798	3 859 117
Cashier shortages/deficits	29	684
Chemicals	512 122	814 629
Valuations expenses	78 118	72 985
Laboratory tests	52 707	86 693
Inter departmental charges	(124 407)	(1 260 165)
Other expenses	1 862 481	873 338
	24 210 869	26 876 661
Prior Period adjustment		
Balance as previously reported		28 797 099
Insurance - Insurance premium paid for 3 months in advance : July 2015 to September 2015		(93 323)
Licences - Software Licence fees payable to Bytes for June 2015 not taken into account as expense		26 437
Professional Fees - Software usergroup development charges for 2014/15 share of costs - Invoice received in Nov 2015		14 273
Professional Fees - Member of Audit Committee Professional Services rendered not paid for June 2015 meeting		5 280
Consulting and Professional Fees - Legal Fees for various labour cases attended to in June 2015 - Invoice only received in Sept 2015		36 704
Consulting and Professional Fees - Internal audit fee from service provider for June 2015 - Invoice only received in December 2015		90 191
		28 876 661

	2016 R	2015 R (Restated)
36 General expenses (continued)		
Other expenses		
Ward committees	6 870	4 152
Various special events	195 393	239 794
Dis/re-connection fees	2 800	400
Levies-SALGA	697 272	532 559
Alien Vegetation	2 296	
Private Works	12 102	
Library Events	20 957	
Membership Fees	6 671	
Prevention of epidemics	480	51
Fruitless, wastefull, unauthorised expenditure	815 029	991
Prodiba	66 712	66 266
Medical expenses	8 782	1 157
Awareness campaign	4 587	600
Disaster assistance	3 558	6 349
	1 852 481	873 338
37 Auditors' remuneration		
Audit Fees	3 817 856	3 063 097

An amount of R24 786 (VAT Included) and included in the above audit fees was outstanding at 30 June 2016 for Blue Crane Route Municipality, but paid in August 2016.

38 Net cash flows from operating activities		
Surplus/(deficit)	(4 295 211)	(13 975 271)
Adjustments for:		
Depreciation and amortisation	34 699 127	33 774 671
(Gain) / Loss on sale of assets and liabilities	322 177	(91 945)
Grant revenue with transfer of assets		(3 071 261)
Gain on investment properties fair valuation	(25 455 917)	(4 405 896)
Finance costs (finance leases)	433 830	99 652
Debt impairment	8 404 847	7 664 267
Movement in retirement benefit assets and liabilities	858 591	3 327 025
Movements in provisions	2 007 672	1 897 579
Changes in working capital:		
(Increase)/decrease in inventories	265 269	(235 346)
(Increase)/decrease in other receivables from exchange transactions	2 130 325	1 085 229
(Increase)/decrease from other receivables from non-exchange transactions	(1 637 893)	3 060 663
(Increase)/decrease in consumer debtors	(8 971 859)	(10 832 516)
Increase/(decrease) in payables from exchange transactions	1 348 998	(5 411 123)
Increase/(decrease) in VAT payable	598 365	979 096
Increase/(decrease) in trade and other payables from non-exchange	112 188	(178 900)
Increase/(decrease) in unspent conditional grants and receipts	5 128 503	(296 730)
Increase/(decrease) in consumer deposits	224 966	241 125
	16 171 667	13 830 339

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
39 Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
Infrastructure related projects	13 119 697	3 970 941
	13 119 697	3 970 941
Prior Period adjustment		

This committed expenditure relates to infrastructure projects and will be financed by Government Grants.

Operating leases - as lessee (expense)

No operating leases were paid for in the 2016 financial year.

Operating leases - as lessor (income)

Certain of the municipality's property is held to generate rental income. No lease agreements are in place and tenants rent the respective properties on a month to month basis. There are no contingent rents receivable.

40 Contingencies

Contingent liabilities

Matter: Blue Crane Route Municipality vs A Afrikaner
During January 2008 a child was shocked by electricity wire in Pearston. After a payment was made in 2012, a further summons was issued against the Municipality in September 2015 claiming damages of R4 320 000. Also see Contingent assets for further details.

Matter: Blue Crane Route Municipality vs South Africa Local Authorities Pension Fund
During June 2016 the Municipality received a letter of demand in terms of which SALA Pension Fund is claiming an amount of R178 801.
The Municipality's attorneys are of the view that this claim has prescribed and that it fails to comply with the provisions of the Institution of legal proceedings against Certain Organs of States Act, 40 of 2002.

Matter: Blue Crane Route Municipality vs Various Employees
The following Labour matters is still ongoing :

Name of Employee	Labour Case details	Further anticipated costs
Ms Sammy	Dispute her remuneration	R50 000 (For exception costs only) This amount excludes the municipality's possible obligation should the claimant be successful
I Hendricks & other	Re-employment in terms of Agreement	R 60 000 This amount excludes the municipality's possible obligation should the claimant be successful

Contingent assets

Matter: Blue Crane Route Municipality vs A Afrikaner
An insurance claim was lodged for a public liability claim from the Municipality's insurers and their legal section is currently investigate this claim.
If the public liability claim is successful, a maximum amount of R2 000 000 (Includes an excess of R5000) will be receivable from them.

Matter: Blue Crane Route Municipality vs Autumn Star/Claassen
The matter is on going. The Municipality's prospects of success remains strong and should be able to obtain an order for repayment of approximately R1 561 737 (Autumn Star) and R3 602 190 (Claassen). These matters are set down for 27 February 2017 and 1 August 2016 respectively.

Matter: Blue Crane Route Municipality vs Santam Insurance Limited
The decision of Judge Roberson after the trial was in the Municipality's favour and the amount of damages will be decided at the following trial.
If the defendant is prepared to settle on the actual amounts paid out by Council, the amount claimed will be R1 500 000.
The Municipality is currently awaiting the Defendants decision on this matter

Matter: Blue Crane Route Municipality vs A Swanepoel
The Municipality appeal was successful, but Bill of costs has not been taxed yet. The total costs Mr Swanepoel must pay the Municipality could be more than R50 000.

Contingent movements from previous year (Deleted from contingencies)

The following labour matters had been concluded
The Municipality vs PJ Dreyer
The Municipality vs C Simonse
The Municipality vs N Maezani
The Municipality vs S Kambi
The Municipality vs M Majanie

Matter: Blue Crane Route Municipality vs Standard bank
The Municipality settled this matter in June 2016 by paying an amount of R150 000 to Standard bank.

Matter: Blue Crane Route Municipality vs JP Barnard
This matter was settled with a total cost order of R25 939 on 22 October 2015.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
41 Related parties		
Related party transactions		
Grant paid		
Blue Crane Development Agency		2 436 743
SARS (PAYE)		
Blue Crane Development Agency		346 273
Contracts awarded to close family members		
Inkoleko Trading (Owner is husband of Councillor NP Yantolo)	14 150	
Ezithathwini Pty Ltd (Owner is sister of Councillor NP Yantolo)	9 150	

42 Prior period adjustments

During the preparation of the municipality's annual financial statements, a number of prior period errors (periods before 2015), affecting various balances were noted. These errors were corrected retrospectively.

The correction of the error(s) results in adjustments as follows:

Other receivables from exchange transactions (Note 7)	
Earlier than 2015: Receivable from Dept of Human settlement incorrectly shown as Non-exchange transaction. Shou d be from Exchange transactions	158 842
Other receivables from non-exchange transactions (Note 8)	
Earlier than 2015: Receivable from Dept of Human settlement incorrectly shown as Non-exchange transaction. Should be from Exchange transactions	(158 842)
Trade receivables from exchange transactions (Note 9)	
Earlier than 2015: Water - Incorrect water levies for 2013/14 fin year for School because of broken water pipes	(11 794)
Investment Properties (Note 11)	
Prior to 2015: Farms and other land not included in the investment properties fixed assets register	18 040 225
Property, Plant and Equipment (Note 12)	
Earlier than 2015: Adjust carrying value of Infrastructure - National roads incorrectly shown as Municipality's assets	(8 479 713)
Earlier than 2015: Adjust Carrying value of Land because of changes to the Land classifications and National roads incorrectly shown as fixed assets.	1 843 377
Earlier than 2015: Adjust Carrying value of Buildings because of changes to the buildings classifications.	305 754
Earlier than 2015: Adjust Carrying value of Landfill site because of re-calculation on the Somerset East Landfill site estimated useful life	8 303 885
	1 973 303
Provisions (Note 19)	
Earlier than 2015: Re-calculate landfill site provision cost because of the re-calculation on the Somerset East landfill site estimated useful life.	(12 470 294)
Payables from exchange transactions (Note 20)	
Earlier than 2015: Trade Payables - Incorrect salaries payable to employees in 2013/14 financial year, not payable to employees	8 739
Earlier than 2015: Backpay to Fire Officers on standby allowances and overtime due to back dated salary increase - 2008 to 2013	(35 760)
Earlier than 2015: Water tariff change for period July 2013 to December 2013 - additional charges from Dept water and sanitation	(1 571)
Earlier than 2015: Payments received in advance - Billing credit balance of year 2007 written back, wrongly raised as a credit installment	1 035
	(27 557)
VAT Payable (Note 22)	
Earlier than 2015: Trade Receivables - Incorrect water levies for Fishriver School because of broken water pipes and theft	1 448
Accumulated surplus adjustments (Earlier than 2015)	
Other receivables from exchange transactions	(158 842)
Other receivables from non-exchange transactions	158 842
Trade receivables from exchange transactions	11 794
Investment property	(18 040 225)
Property, Plant and Equipment	(1 973 303)
Provisions	12 470 294
Payables from exchange transactions	27 557
Vat Payable	(1 448)
	(7 505 331)
Prior period adjustments	
Adjustments to Employee related costs (See Note 31)	62 285
Adjustment on General expenses (See Note 36)	79 562
Adjustment to Finance costs (See Note 34)	1 213 593
Adjustments to Bulk Purchases (See Note 35)	164 298
Adjustment to Revenue (See Note 25)	(8 485)
Adjustments to Depreciation (See Note 12)	543 531
Adjustment to Investment Properties Fair valuation (See Note 11)	(43 792)
Adjustment: Opening accumulated surplus 2015 (See above detail)	(7 505 331)
	(5 504 348)

	2016 R	2015 R (Restated)

43 Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after four years
Other financial liabilities	9.62%	(3 496 523)	(3 180 410)	(3 510 271)	(3 857 176)	(815 760)
Trade and other payables from non-exchange	10.50%	(254 717)	-	-	-	-
Payables from exchange transactions	7%	(12 992 674)	-	-	-	-
Finance lease obligation	9.55%	(1 133 396)	(858 589)	(941 354)	(488 276)	
Trade and Other receivables from exchange	11.50%	19 988 853	-	-	-	-
Other receivables from non-exchange	11.50%	5 407 784	-	-	-	-
Other financial assets	5.00%	3 094	3 253	3 419	2 983	-
Cash in current banking institutions	7.85%	12 661 028	-	-	-	-

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used .

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2016	2015
Trade receivables from exchange transactions	18 839 998	17 785 907
Other receivables from non-exchange transactions	5 407 784	4 227 031
Other receivables from exchange transactions	1 148 855	3 309 113
Other financial assets	9 655	12 749
Short term deposits	12 661 028	10 231 410

The municipality holds deposits of R2 462 971 (2015: R2 238 006) from consumer debtors. No guarantees or collateral was provided to third parties.

	2016 R	2015 R (Restated)

44 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

45 Events after the reporting date

There are no events after reporting date to report on.

46 Unauthorised expenditure

Opening balance	18 113 708	13 185 391
Add: Unauthorised Expenditure - current year	15 800 433	1 928 317
Less: Amounts recoverable/condoned	-	-
	30 914 141	18 113 708

Unauthorised expenditure occurred due to Electricity purchases and debt impairments which was much more than budgeted. Interest on Landfill site rehabilitation cost was also more than suspected.

47 Fruitless and wasteful expenditure

Opening balance	17 544	16 553
Add: Fruitless and wasteful expenditure - current year	815 029	991
Less: Amounts recoverable/condoned	-	-
	832 573	17 544

A report must still be submitted to Council that will indicate any possible disciplinary steps that will be taken and if it is recoverable.

48 Irregular expenditure

Opening balance	91 881 929	52 558 608
Add: Irregular Expenditure - current year	12 216 146	39 323 321
Less: Amounts recoverable/condoned or written off by Council	(19 150 696)	-
Less: Amounts not recoverable (condoned)	-	-
	84 947 379	91 881 929

Details of Irregular expenditure - current year

Disciplinary steps taken/criminal proceedings: None

Supply Chain Management regulations not adhered to	84 947 379

	2016 R	2015 R (Restated)

49 Reconciliation between budget and statement of financial performance

Classification Basis	Actual amounts as per Budget	Actual amounts as per Statement of Financial Performance	Difference	Comment
Revenue				
Property rates	10 096 465	10 097 775	690	Budget includes Municipal charges
Service Charges	102 056 646	97 432 081	4 624 465	
Service Charges: Electricity	83 771 206	79 372 899	4 398 306	Budget includes Municipal charges
Service Charges: Water	9 529 614	9 399 233	130 381	Budget includes Municipal charges
Service Charges: Sanitation	3 805 053	3 763 919	41 134	Budget includes Municipal charges
Service Charges: Refuse	4 711 462	4 656 818	54 644	Budget includes Municipal charges
Service Charges: Cemeteries	61 018	61 018	-	
Service Charges: Dis/re-connection fees	118 054	118 054	-	
Service Charges: Pound Fees	70 140	70 140	-	
Other Income/own Revenue	28 073 900	2 615 625	25 458 275	
Fees earned	864 125	864 125	-	
General	834 911	834 911	-	
Private Work	182 942	182 942	-	
Gain on investment properties fair valuation	25 455 917		25 455 917	Shown separatly in Financial Performance
Other Income	736 005	733 647	2 358	Budget includes Municipal charges
Gain on investment properties fair valuation	-	25 455 917	(25 455 917)	
Gain on investment properties fair valuation	-	25 455 917	(25 455 917)	Included in Other own revenue in Budget
Expenditure				Comment
Classification Basis				
Employee Related costs	69 158 129	69 755 614	(596 485)	
Skills Development Levy: Councillors		33 096	(33 096)	Included under Remun of Counc. in budget
Travelling and subsistance		565 589	(565 589)	Included under Remun of Counc. in budget
Other employee related costs	69 158 129	69 158 129	-	
Remuneration of Councillors	3 979 851	3 571 936	407 915	
Skills Development Levy: Councillors	33 096		33 096	Included under Employee Related Costs
Travelling and subsistance	625 589	60 000	565 589	Included under Employee Related Costs
Benefits-in kind		190 770	(190 770)	Included under Other expenditure in budget
Other remuneration of Councillors	3 321 166	3 321 166	-	
Collection Costs	-	11 990	(11 990)	Included under Other expenditure in budget
Repairs and Maintenance	-	3 542 331	(3 542 331)	Included under Other expenditure in budget
Transfers and Grants	1 090 000	-	1 090 000	
Transfers to Cacadu Development Agency	720 000		720 000	Included under General Expenses
Transfers to Tourism	370 000		370 000	Included under General Expenses
General/Other Expenses	30 161 082	24 210 659	5 940 423	
Departemental charges (Electricity)	4 398 306		4 398 306	Budget includes Mun dept charges
Departemental charges (Water)	130 381		130 381	Budget includes Mun dept charges
Departemental charges (Sewerage)	41 134		41 134	Budget includes Mun dept charges
Departemental charges (Refuse)	54 644		54 644	Budget includes Mun dept charges
Departemental charges (Rates)	690		690	Budget includes Mun dept charges
Departemental charges (Housing rentals)	2 358		2 358	Budget includes Municipal charges
Collection Costs	11 990		11 990	Shown separatly in Financial Performance
Repairs and maintenance	3 542 331		3 542 331	Shown separatly in Financial Performance
Transfers and Grants		1 090 000	(1 090 000)	Shown separatly in budget
Actuarial Gain	(1 342 181)		(1 342 181)	Shown separatly in Financial Performance
Councillors benefits-in kind	190 770		190 770	Budget includes Councillors benefits-in kind
Other/General expenses	23 120 659	23 120 659	-	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
50 Additional disclosure in terms of Municipal Finance Management Act		
PAYE and UIF		
SARS deductions	8 454 907	8 981 922
Amount paid over	(8 450 072)	(8 981 831)
	4 835	91
The outstanding amount of R4 835 for Income Tax was paid to SARS in July 2016.		
Pension and Medical Aid Deductions		
Current year deductions	13 936 207	12 530 950
Amount paid - current year	(13 936 207)	(12 530 950)
	-	-
Councillors' arrear consumer accounts		
No arrears owed by Councillors to the Municipality for rates or services were outstanding for more than 90 days during the year.		
Organised Local Government (SALGA)		
Contribution for the year	897 272	832 659
No contributions were outstanding at year end.		

51 Actual versus Budget: Explanation of material variances greater than 10% versus budget

Revenue	Final Budget 2016 R	Actual 2016 R	Variance R	Variance %	Explanation
Interest earned - external investments	1 000 760	1 446 111	445 361	45%	Additional funding was received for MIG projects
Interest earned - outstanding debtors	2 722 650	3 152 852	430 202	16%	Interest was more than suspected - conservative approach
Rental of facilities and equipment	75 000	62 666	(12 334)	-16%	Budget was incorrect - income was always less than R50 000
Traffic fines	70 000	59 980	(10 020)	-14%	Traffic fines not realised as suspected
Licences and permits	631 790	745 197	113 407	18%	Licences revenue was suspected to decrease - office close for period
Gain on disposal of PPE	103 500		(103 500)	-100%	No Auction held during the year as planned
Other revenue	6 385 490	28 073 900	21 688 410	340%	Increase in Gain on Investment properties FV due to prior period error
Expenditure					
Debt impairment	6 335 000	8 404 847	2 069 847	33%	Debt impairment was more than suspected
Bulk purchases	59 932 210	67 996 582	8 064 372	13%	Elect purchases increase more than budget - should be investigated
Finance charges	4 265 010	5 453 822	1 188 812	28%	Interest on landfill sites much more due to prior period error in provision
Loss on disposal of assets		322 177	322 177	100%	Loss of assets disposals not foreseen in budget

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)

52 Final budget versus original budget: Explanation of material variances greater than 10%

	Final Budget 2016 R	Original Budget 2016 R	Variance R	Variance %	Explanation
Revenue					
Service charges	100 100 270	111 599 950	(11 499 680)	-10%	Indigent support deducted from revenue in final budget
Interest earned - external investments	1 000 750	1 200 750	(200 000)	-17%	Surplus cash was suspected to decrease
Rental of facilities and equipment	75 000	50 000	25 000	50%	Incorrect orginal budget
Licences and permits	631 790	793 000	(161 210)	-20%	Traffic office was closed for period
Other own revenue	6 385 490	2 793 980	3 591 510	129%	Gain on investment properties not included in original budget
Expenditure					
Other Expenditure	29 537 840.00	40 189 980.00	(10 652 140)	-27%	Indigent support deducted

ANNEXURE A – DEVIATION REGISTER 01 JULY TO 30 SEPTEMBER 2015

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
TECHNICAL SERVICES							
2015/07/07	ALL CUT POWER PRODUCTS	CYLINDER & PISTON CYLINDER GASKET	AGENTS ONLY- REPAIRS TO BE AFFECTED	s36(1)(a)(v)	AAO	R 2 942.45	43135
2015/07/07	B G SECURITY	AFTER HOUR SERVICES	BG SECURITY IS UTILISED PRIOR 2006. THE MUNICIPALITY DID GO ON TENDER FOR SECURITY SERVICES BUT IT WAS DECIDED THAT IT WILL NOT BE AWARDED AS COUNCIL WILL EMPLOY PERMANENT STAFF TO PERFOM THIS FUNCTION.	s36(1)(a)(v)	AAO	R 2 859.12	43177
2015/07/15	UD TRUCKS	SERVICE 50000KM AS PER QUOTATION	AGENTS ONLY ALGOA HINO	s36(1)(a)(v)	AO	R 4 834.66	43207
2015/07/17	ALGOA TOYOTA	50000 KM SERVICE AS PER QUOTATION	THE AGENTS FOR THIS VEHICLE IS IN PORT ELIZABETH THEREFORE IT MUST BE SEND TO HINO ALGOA .	s36(1)(a)(v)	AO	R 4 503.00	43232
2015/07/21	B G SECURITY	AFTER HOUR SERVICES	BG SECURITY IS UTILISED PRIOR 2006. THE MUNICIPALITY DID GO ON TENDER FOR SECURITY SERVICES BUT IT WAS DECIDED THAT IT WILL NOT BE AWARDED AS COUNCIL WILL EMPLOY PERMANENT STAFF TO PERFOM THIS FUNCTION.	s36(1)(a)(v)	AO	R 3 636.60	43256
2015/07/28	INTERLOK HOSE & FITTINGS	MADE HYDRAULIC HOSES AS PER QUOTATION	AN ORDER FOR HYDRAULIC HOSES FOR THE BULLDOZER THAT WE NEED URGENTLY WHILE WE WAIT FOR A TAX CLEARANCE CERTIFICATE FROM INTERLOK THE COMPANY WHO SUPPLY HOSES	s36(1)(a)(v)	AAO	R 1 666.21	43301
2015/07/29	A & D POWER	BREAKDOWN REPAIRS TO MAIN INCOMER FEEDING FROM ESKOM	ON TUESDAY 21/07/2015 BCRM LOST ESKOM FEEDER NO.2 AT THE MAIN SUBSTATION AND HALF OF BCRM DID NOT HAVE POWER .EMERGENCY REPAIRS HAD TO BE CARRIED OUT TO RESTORE ELECTRICAL SERVICES.	s36(1)(a)(v)	AAO	R 22 902.60	43331

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/08/25	B G SECURITY	AFTER HOURS CALL-OUT SERVICES	BG SECURITY SERVICES SUPPLY THE TECHNICAL SERVICES WITH THE FOLLOWING SERVICES: STANDBY/AFTER HOUR RESPONSE THERE IS NO CONTRACTIN PLACE,THE MUNICIPALITY IS IN THE PROCESS OF GOING OUT ON TENDER FOR THE PROVISION OF SECURITY SERVICES.	s36(1)(a)(v)	AO	R 3 990.00	43561
2015/08/25	B G SECURITY	AFTER HOURS CALL-OUT SERVICES	BG SECURITY IS UTILISED PRIOR 2006. THE MUNICIPALITY DID GO ON TENDER FOR SECURITY SERVICES BUT IT WAS DECIDED THAT IT WILL NOT BE AWARDED AS COUNCIL WILL EMPLOY PERMANENT STAFF TO PERFOM THIS FUNCTION.	s36(1)(a)(v)	AO	R 2 859.12	43563
2015/09/07	IMESA	DELEGATES-NON IMESA MEMBERS REGISTRATION FEE	THE CONFERENCE IS TAKING PLACE ANNUALLY IN DIFFERENT PROVINCES,WHERE ALL ENGINEERS ATTEND INCLUDING MUNICIPAL ENGINEERS CONSULTANTS AND SPECIALISRS.NETWORKING AND INFORMATION SHARING FOR BEST PRACTICES AND HOW TO IMPROVE OPERATIONIN A MUNICIPAL SPACE	s36(1)(a)(v)	AO	R 6 250.00	43689
2015/09/11	UNIVERSAL EQUIPMENT (PTY) LTD	500 HOUR SERVICE AS PER QUOTATION	NEW GRADER STILL UNDER GUARANTEE THEREFORE MUST BE SERVICEBY AGENTS ONLY.	s36(1)(a)(v)	AAO	R 11 837.33	43758
2015/09/17	B G SECURITY	SECURITY SERVICES AT THE DEPOT	BG SECURITY SERVICES ARE ALREADY RENDERING SECURITY SERVICES AT THE DEPOT,HOSPITAL STREET,SOMERSET EASTAND IT IS NOT PRACTICAL TO HAVE TWO DIFFERENT SECURITY SERVICE PROVIDERS ON THE SAME SITE.	s36(1)(a)(v)	AO	R 11 364.26	43824
2015/09/23	B G SECURITY	TELEPHONE SERVICE: WATER	BG SECURITY SERVICES SUPPLY THE TECHNICAL SERVICES WITH THE FOLLOWING SERVICES:STANDBY/AFTER HOUR RESPONSE THERE IS NO IN PLACE,THE MUNICIPALITY IS IN THE PROCESS OF GOING OUT ON TENDER FOR THE PROVISION OF SECURITY SERVICES.	s36(1)(a)(v)	AO	R 2 859.12	43881

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
FINANCIAL SERVICES							
2015/07/25	B G SECURITY	AFTER HOURS CALL-OUT SERVICES	BG SECURITY SERVICES SUPPLY THE TECHNICAL SERVICES WITH THE FOLLOWING SERVICES: STANDBY/AFTER HOUR RESPONSE THERE IS NO CONTRACTIN PLACE.THE MUNICIPALITY IS IN THE PROCESS OF GOING OUT ON TENDER FOR THE PROVISION OF SECURITY SERVICES.	s36(1)(a)(v)	AO	R 2 859.12	43352
2015/07/29	B G SECURITY	GUARD DUTIES: AIRFIELD AND GUARD DUTIES : MAYORS HOUSE	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE. ONE OF THE SERVICE PROVIDERS VUKA UZENZELE HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE	s36(1)(a)(v)	AAO	R 36 393.40	43344
2015/07/29	BG SECURITY	SECURITY SERVICES AT FINANCE DEPARTMENT TOWN HALL	BG SECURITY SERVICES SUPPLY THE FINANCE DEPARTMENT WITH THE FOLLOWING SERVICES: CASH- IN - TRANSIT AND GUARD DAY SHIFT.	s36(1)(a)(v)	AAO	R 27 432.05	42942
2015/08/05	SOMERSET BUDGET	NOTICES 27,31AND 32/2015	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER. THREE ADVERTS WILL BE PLACED FOR THE FOLLOWING : NOTICE 27/2015,31/2015 AND 32/2015.	s36(1)(a)(v)	AAO	R 5 501.92	43405
2015/08/06	TIMES MEDIA EC	NOTICES 27,31AND 32/2015	HERALD IS THE ONLY SERVICE PROVIDER THAT IS REGISTERED ON OUR SYSTEMN ACTIVELY, REQUESTS WERE MADE AND ONLY HERALD RESPONDED AND OTHERS DID NOT RESPOND AND QUOTED AS REQUIRED.	s36(1)(a)(v)	AO	R 15 058.26	

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/08/06	NOLTE SMIT ATTORNEYS	LEGAL FEES DEBTOR HANDOVERS	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH ALL DEBTOR HANDOVERS(LEGAL MATTERS) ON BEHALF OF THE BLUE CRANE ROUTE MUNICIPALITY. THE PROCUREMENT OFFICE WILL GO ON TENDER AS SOON AS POSSIBLE.	s36(1)(a)(v)	AO	R 4 676.18	43411
2015/08/11	BABCOCK EQUIPMENT	VOE11200910	WINDSCREEN ONLY AVAILABLE FROM THE AGENTS WHICH IS BABCOCK.	s36(1)(a)(v)	AO	R 6 800.57	43429
2015/08/19	B G SECURITY	GUARD DUTIES:MAYOR' S HOUSE, DEPOT,AIRFIELD,AEROVILLE.	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE. ONE OF THE SERVICE PROVIDERS VUKA UZENZELE HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE.	s36(1)(a)(v)	AO	R 36 565.51	43509
2015/08/19	FREMA CONSULTANTS	SECURITY SLEUCE FOR JUNE 2015 WEEKDAYS AND SATURDAYS	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE. ONE OF THE SERVICE PROVIDERS VUKA UZENZELE HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE.	s36(1)(a)(v)	AAO	R 8 979.89	43508
2015/08/20	B G SECURITY	CIT TRANSPORT AND GUARD DAY SHIFT	BG SECURITY SERVICES SUPPLY THE FINANCE DEPARTMENT WITH THE FOLLOWING SERVICES: CASH- IN - TRANSIT AND GUARD DAY SHIFT.	s36(1)(a)(v)	AAO	R 11 364.26	43522
2015/08/24	MSNH MAINTENANCE	SUPPLY AND DELIVERY OF BUILDING MATERIAL	THE BCRM -SCMP WAS ADHERED TO BY INVITING PROSPECTIVE BIDDERS TO SUPPLY A FORMAL WRITTEN QUOTATION BY WAY OF NEWS MEDIA,NOTICE BOARD AND MUNICIPAL ADJCENT TO BCRM NOTICE BOARDS.BCRM ONLY RECEIVED ONE PROSPECTIVE BIDDER WHICH CONFINE TO ALL SPECIFICATIONS REQUIRED BY THE BID DOCUMENT.SEE ADDITIONAL MOTIVATION ATTACHED TO DEVIATION APPROVAL FORM.	s36(1)(a)(v)	AAO	R 176 973.00	43546

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/09/01	NOLTE SMIT ATTORNEYS	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY.THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 4 232.15	43625
2015/09/02	SOMERSET BUDGET	NOTICE:34/2015 MAYORAL VISIT: IDP REVIEW 2016/2017	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER. NOTICE 34/2015 MAYORAL VISIT: IDP REVIEW 2016/2017 WILL BE ADVERTISED.	s36(1)(a)(v)	AO	R 1 487.70	43641
2015/09/04	BYTES TECHNOLOGY GROUP SOUTH AFRICA	DELEGATES-PAYROLL ADMINISTRATORS TAX WORKSHOP	THE FINANCIAL SYSTEM THAT THE MUNICIPALITY USE IS BYTES SYSTEM INTEGRATION-SAMRAS .THE MUNICIPALITY DO HAVE SLA IN PLACE.AS MS LULEKA STOFILE,MS LIZETTE KOEKEMOER AND MS THEMBAKAZI MLENGETYA MUST HAVE THE FULL KNOWLEDGE ON THE PAYROLL ADMINISTRATOR'S TAX THEY HAVE TO ATTEND THE WORKSHOPTO BE HELD AT THE HEAD OFFICE OF BYTES SITUATED IN CAPE TOWNB OFFICES.THE PAYROLL ADMINISTRATOR'S TAX WORKSHOP IS HELD AT THE HEAD OFFICE.	s36(1)(a)(v)	AO	R 2 231.55	43925
2015/09/10	LITHOTECH	BOXES OF ACCOUNT FORMS	WE ONLY RECEIVED 2 QUOTES AND WE CHOSE LITHOTECH BECAUSE IT IS THE CHEAPEST OF THE TWO.THERE ARE ONLY TWO SERVICE PROVIDERS WITH BCRM TEMPLATES HENCE THE TWO QUOTES INSTEAD OF THREE.	s36(1)(a)(v)	AO	R 12 154.68	43727
2015/09/10	SOMERSET BUDGET	FWQ09/2015-SUPPLY AND DELIVERY OF BUILDING MATERIAL	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER. NOTICE 39/2015 SUPPLY AND DELIVERY OF ASPHALT COLDMIX	s36(1)(a)(v)	AO	R 2 193.07	43744

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/09/10	SOMERSET BUDGET	T10/2015-SUPPLY AND DELIVERY OF 11* TRANSFORMERS	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER. NOTICE 34/2015 SUPPLY AND DELIVERY OF 11*TRANSFORMERS.	s36(1)(a)(v)	AO	R 2 231.55	43925
2015/09/11	SABC	TV LICENSE	THE SABC'S CORE BUSINESS IS TO DELIVER A VARIETY OF HIGH QUALITY PROGRAMMES AND SERVICES THROUGH TELEVISION AND RAADIO THAT INFORMS,EDUCATES,ENTERTAINS AND SUPPORTS THE PUBLIC AT LARGE.THE TV'S ARE STATIONED AT THE BESTERSHOEK RESORT CHALETS,THE PUBLIC LIBRARIES AND THE COMMUNITY HALLS.	s36(1)(a)(v)	AAO	R 4 403.64	43760
2015/09/21	CHRIS BAKER AND ASSOCIATES	LEGAL FEES FOR JUNE 2015	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH ALL COURT CASES ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY.THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 41 843.06	43850
2015/09/23	NOLTE SMIT ATTORNEYS	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY.THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 4 595.42	43891

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
CORPORATE SERVICES							
2015/07/29	SUMMERSTRAND HOTEL	ACCOMMODATION FOR LLF MEMBERS ATTENDING WORKSHOP FROM 4-6 AUGUST IN PE	DEALING DIRECTLY WITH THE SERVICE PROVIDER INSTEAD OF USING THE TRAVEL AGENT ACHIEVES VALUE FOR MONEY AS WE CAN NEGOTIATE DISCOUNT DIRECTLY.THE TRAVEL AGENT HAS ITS MARK-UP PRICE WHICH DEFEATS THE PRINCIPLE OF VALUE FOR MONEY .WE HAVE BEEN ABLE TO NEGOTIATE DISCOUNT DIRECTLY FROM THE SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 36 511.92	43343
2015/08/21	B G SECURITY	SECURITY SERVICES IRO AUGUST 2015 AT OLD IEC OFFICES AIRFIELD TERMINAL	BG SECURITY IS THE ONLY SUPPLIER IN BCRM AREA THAT OFFERS ALARM SYSTEM SERVICES.	s36(1)(a)(v)	AO	R 7 765.00	43534
2015/09/07	UNIVERSITY OF FORT HARE	PAYMENT OF FEES N.MJIKELO AND N.YANTOLO	CONTINUATION OF A FOUR YEAR PROGRAM(IN ITS THIRD YEAR) OFFERED BY THE UNIVERSITY OF FORT HARE.	s36(1)(a)(v)	AO	R 51 700.00	43694
2015/09/08	TIMES MEDIA EC	PMU MANAGER ADVERT	DAILY DISPATCH IS THE ONLY NEWSPAPER CAN BE USED TO REACH A WIDE TARGET MARKET IN THE BORDER REGION.	s36(1)(a)(v)	AO	R 7 866.00	43695
2015/09/08	SOMERSET BUDGET	ADVERT FOR PMU MANAGER	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER.ADVERT FOR PMU MANAGER	s36(1)(a)(v)	AO	R 2 308.50	43696
2015/09/11	SOMERSET BUDGET	ADVERT NOTICE 29/2015 COUNCIL MEETING	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER.	s36(1)(a)(v)	AAO	R 807.97	43761
2015/09/11	TIMES MEDIA EC	ADVERT FOR PMU MANAGER	THE USE OF THE HERALD NEWSPAPER IS WE WANT TO REACH OUT TO PEOPLE IN THE PORT ELIZABETH REGION AND ONWARD.	s36(1)(a)(v)	AO	R 13 338.00	43752

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/09/21	CHRIS BAKER AND ASSOCIATES INC	LEGAL FEES FOR AUGUST 2015	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH ALL COURT CASES ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY.THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 69 992.86	43851
COMMUNITY SERVICES							
2015/07/21	BG SECURITY	CIT SECURITY SERVICES BESTERSHOEK	BG SECURITY IS UTILISED PRIOR 2006. THE MUNICIPALITY DID GO ON TENDER FOR SECURITY SERVICES BUT IT WAS DECIDED THAT IT WILL NOT BE AWARDED AS COUNCIL WILL EMPLOY PERMANENT STAFF TO PERFOM THIS FUNCTION.	s36(1)(a)(v)	AO	R 16 347.75	43258
2015/07/29	BELL EQUIPMENT SALES SOUTH AFRICA	REPAIR OF RADIATOR AND FAN SHROUD	BELL IS THE MANUFACTURER AND SOLE SUPPLIER OF THE PARTS OF THIS MACHINE.THE SENIOR MECHANIC ADVISED THAT EVEN THE AGENTS GET SUPPLY FROM BELL.	s36(1)(a)(v)	AAO	R 22 611.22	43336
2015/07/31	SUMMERSTRAND HOTEL	ACCOMMODATION FOR MR MV	DUE TO LATE NOTIFICATION TO ARRANGE THE ACCOMMODATION ,SOME ESTABLISHMENTS CONTACTED ARE NOT ON THE DATABASE AND SOME ARE ALREADY FULLYBOOKED.	s36(1)(a)(v)	AO	R 2 629.50	43360
2015/08/19	PROTEA HOTEL	DBB ROOM FOR MR MVUNELWA AND CLLR NONTYI TO SALGA CAPACITY BUILDING	WE REQUESTED QUOTES FROM SUMMERSTRAND HOTEL,RADISSON BLUE IS IN THE PROCESS OF APPLYING FOR TAX CLEARANCE CERTIFICATE WHILE THE REST IS FULLY BOOKED,HENCE WE ARE USING PROTEA MARINE HOTEL.	s36(1)(a)(v)	AAO	R 2 739.80	43507
2015/09/02	B G SECURITY	GUARD DUTIES AT BESTERSHOEK	BG SECURITY IS UTILISED PRIOR 2006.THE MUNICIPALITY DID GO ON TENDER FOR SECURITY SERVICE BUT IT WAS DECIDED THAT IT WILL NOT BE AWARDED AS COUNCIL WILL EMPLOY PERMANENT STAFF TO PERFORM THIS FUNCTION AS SOON AS POSSIBLE.	s36(1)(a)(v)	AO	R 15 743.66	43646

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
MUNICIPAL MANAGER							
2015/07/15	BYTES TECHNOLOGY GROUP SOUTH AFRICA	SET UP OF TEST SYSTEM &TESTING OF ACB PAYMENT TO FNB	BYTES IS THE ONLY SERVICE PROVIDER, OF OUR FINANCIAL SYSTEM AND THEY ARE THE ONLY ONE WHO CAN DO CHANGES ON OUR SYSTEM FOR ACB PAYMENTSAS WE'VE CHANGED THE BANK FROM ABSA TO FNB REF:SLA	s36(1)(a)(v)	AO	R 7 199.10	43202
2015/07/29	CHM VUWANI COMPUTER SOLUTIONS	CHM VUWANI IS THE ONLY SUPPLIER THAT CAN SUPPLY THIS ITEM,AS IT HAS BEEN DISCONTINUED/ IS OFF THE MARKET.WE ARE CURRENTLY WITHOUT A TAPE DRIVE	CHM VUWANI IS THE ONLY SUPPLIER THAT CAN SUPPLY THIS ITEM,AS IT HAS BEEN DISCONTINUED/ IS OFF THE MARKET.WE ARE CURRENTLY WITHOUT A TAPE DRIVE	s36(1)(a)(v)	AAO	R 17 958.42	43322
2015/08/06	TOMMY CLAASEN H/A PEARSTON TRANSPORT	TRANSPORT PASSENGERS FROM PEARSTON TO KIRKWOOD	WE WERE INFORMED LATE/SHORT NOTICE ABOUT THE WORKSHOP AND WE HAVE USED TOMMY CLAASEN TRANSPORT BECAUSE HE IS THE ONLY SERVICE PROVIDER IN PEARSTON.	s36(1)(a)(v)	AO	R 4 500.00	43409
2015/09/09	SOMERSET BUDGET	NOTICE 38/2015 FOR BILTONG FESTIVAL	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER.ADVERT FOR BILTONG FESTIVAL STAKEHOLDERS 38/2015 WILL BE PLACED.	s36(1)(a)(v)	AO	R 461.70	43718

ANNEXURE A – DEVIATION REGISTER 01 OCTOBER TO 31 DECEMBER 2015

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/10/01	BG SECURITY	NA URE TELEFOON DIENSTE OPROEP BYSTAND	THIS IS AN AFTER HOURS SERIVCE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 3 990.00	43944
2015/10/02	ID CONTROL SOLUTIONS CC	CALL OUT,LABOUR,TRAVEL DISTANCEAND MIMIC PANEL	THE ROTA-BOOTH REVOLVING DOOR SYSTEM IS DESIGNED AND MANUFACTURED BY ID CONTROL SOLUTIONS IN PORT ELIZABETH .THEY INSTALLED THE ROTA-BOOTH REVOLVING SYSTEM FOR THE BCRM DURING 2009/2010 FY AND THE DOOR IS IN DIRE NEED OF AN ANNUAL SERVICE AS REQUIRED BY MACHINERY ACT 1967(ACT139)	s36(1)(a)(v)	AAO	R 6 649.43	43956
2015/10/20	ALGOA TOYOTA	SERVICE AS PER QUOTATION	SERVICE DONEBY AGENTS ONLY STIL UNDER GUARANTEE FIRST SERVICE	s36(1)(a)(v)	AO	R 3 410.33	44137
2015/10/28	UNIVERSAL EQUIPMENT (PTY) LTD	NEW BLADE NEEDED FOR THE GRADER AS THE CURRENT BLADE IS FINISHED.	NEW AGENTS ONLY SUPPLIER OF BLADES	s36(1)(a)(v)	AAO	R 4 463.40	44219
2015/11/04	A& D POWER	SUPPLY AND INSTALL 22KV AT SOMERSET EAST (AIRPORT)	A& D POWER LOCATED A FAULT IN THE AIRFIELD SUPPLY CABLE.IT WOULD BE CHEAPER FOR BCRM TO USE A&D POWER TO JOIN THE CABLE BECAUSE THEY ALREADY KNOW WHAT NEED TO BE DONE.IT WOULD B EIMPRACTICAL TO SEEK QUOTATIONS FROM OTHER SERVICE PROVIDERS DUE TO A& D POWER PERFORMING THE FAULT FINDING ON A PREVIOUS EMERGENCY & IMPLEMENTING A TEMPORARY SOLUTION TO RESTORE POWER	s36(1)(a)(v)	AAO	R 33 972.00	44318
2015/11/05	CONSULATION SUPPLIES	14*20*1200MM SRBP TUBE	ELECTRICAL SERVICES DEPARTMENT URGENTLY NEED FUSE TUBEMATERIAL TO REPAIR BROKEN J &P FUSES.IT IS CHEAPER TO REPAIR THE FUSES RATHER THAN BUY NEW ONES. THERE ARE ONLY TWO SUPPLIERS COUNTRYWIDE AND WE ARE UNABLE TO GET A THIRD QUOTE.	s36(1)(a)(v)	AO	R 8 550.00	44334

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/11/06	BG SECURITY	TELEPHONE SERVICE: WATER	THIS IS AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO WATER PROBLEMS AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 2 859.12	44343
2015/11/11	ALGOA TOYOTA	SERVICE DONE AS PER QUOTATION	SERVICE DONE BY AGENTS ONLY STILL UNDER GUARANTEE FIRST SERVICE.	s36(1)(a)(v)	AO	R 7 592.88	44389
2015/11/12	BG SECURITY	TELEPHONE SERVICE: WATER	THIS IS AN AFTER HOURS SERVICEWHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 2 859.12	44401
2015/11/25	BG SECURITY	AFTER HOURS SERVICE	THIS IS AN AFTER HOURS SERVICEWHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 3 990.00	44562
2015/11/25	ROBERT'S WORKSHOP	SERVICE LIFT	ONLY ONE PROVIDER TO SERVICE WORKSHOP LIFT FOR VEHICLES.	s36(1)(a)(v)	AO	R 3 249.00	44570
2015/11/25	TELERAY	MAINTENANCE AND REPAIR TO ETV	NO TCC SERVICE PROVIDER WILL ONLY HAVE IT IN JANUARY 2016.	s36(1)(a)(v)	AO	R 6 270.00	44563
2015/12/07	ASD INTERNATIONAL	REPAIRS TO LOADING BODY	QUOTATIONS CAN ONLY BE DONE SP'S WHO ASSESS THE TRUCK.TAKING THE TRUCK TO PE TO DIFFERENT SERVICE PROVIDERS IS NOT COST - EFFECTIVE AND WILL NOT BE VALUE FOR MONEY.	s36(1)(a)(v)	AAO	R 15 150.60	44688
2015/12/08	BELL EQUIPMENT SALES	REPAIRS TO TLB	REPAIRS ALREADY DONE ON ORDER 44345 AND FURTHER REPAIRS NEED TO BE DONE THAT WERE PICKED UP WHILE WORKING ON THE TLB AS PER ATTACHED MEMO,EMAIL FROM SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 59 767.86	44707

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/12/08	PROFCON COUNTRY COTTAGES	ACCOMMODATION FOR MR M.M MKHONTO AND MR B GQOZO	QUOTATIONS WERE REQUESTED FROM PROFCON,BUITENVERWAGTEN GH & AVONDRUST GHAND THE LATTER TWO SAID THEY COULD NOT BE ABLE TO ACCOMMODATE AS THEY ARE FULL. ALLTHE OTHER PLACES SAID THEY ARE FULL AND DID NOT WILLING TO WRITE. WE COULD ONLY GET A QUOTE FROM PROFCON RESORT.	s36(1)(a)(v)	AO	R 6 800.00	44699
2015/12/22	BG SECURITY	AFTER HOURS SERVICE	THIS IS AN AFTER HOURS SERVICEWHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AAO	R 3 990.00	44824
2015/12/22	BG SECURITY	TELEPHONE SERVICE: WATER	THIS IS AN AFTER HOURS SERVICEWHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AAO	R 2 859.12	44828

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
FINANCIAL SERVICES							
2015/10/02	MEDIA 24 BPK	RAPPORT NEWSPAPER FOR 12 MONTH	MEDIA 24 IS THE ONLY COMPANY SUPPLYING AFRIKAANS SPEAKING COMMUNITY WITH THE NEWSPAPERS HENCE WE ARE PURCHASING NEWSPAPERS FROM THEIR COMPANY FOR OUR LIBRARIES FOR THE PERIOD OF 12 MONTHS.	s36(1)(a)(v)	AAO	R 7 331.46	43962
2015/10/05	MEDIA 24 BPK	SUBSCRIPTION FEES FOR RAPPORT FOR 6 MONTHS	MEDIA 24 IS THE ONLY COMPANY SUPPLYING AFRIKAANS SPEAKING COMMUNITY WITH THE NEWSPAPERS HENCE WE ARE PURCHASING NEWSPAPERS FROM THEIR COMPANY FOR OUR LIBRARIES FOR THE PERIOD OF 12 MONTHS.	s36(1)(a)(v)	AAO	R 4 273.29	43977
2015/10/05	TIMES MEDIA EC	SUBSCRIPTION FEES FOR LIBRARIES	TIMES MEDIA IS THE ONLY COMPANY SUPPLYING NEWSPAPERS FROM THEIR COMPANY FOR OUR LIBRARY,FINANCE DEPARTMENT,MUNICIPAL MANAGER'S DEPARTMENT,CORPORATE SERVICES.	s36(1)(a)(v)	AAO	R 2 585.00	43976
2015/10/05	B G SECURITY	CIT TRANSPORT AND GUARD DAY SHIFT	BG SECURITY SERVICES SUPPLY THE FINANCE DEPARTMENT WITH THE FOLLOWING SERVICES: CASH- IN - TRANSIT AND GUARD DAY SHIFT.	s36(1)(a)(v)	AAO	R 5 938.58	43973
2015/10/13	B G SECURITY	GUARD DUTIES:MAYOR' S HOUSE, DEPOT	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE. ONE OF THE SERVICE PROVIDERS VUKA UZENZELE HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE.	s36(1)(a)(v)	AO	R 18 023.40	44055
2015/10/14	BYTES TECHNOLOGY GROUP SOUTH AFRICA	ASSISTANCE ON NM SCOTT PAYE ON SALARY	BYTES IS THE SERVICE PROVIDER FOR MUNICIPALITY'S FINANCIAL SYSTEM .THIS IS FOR ASSISTANCE FOR CORRECTING THE PAYE FOR THE MAYOR.	s36(1)(a)(v)	AO	R 4 676.18	43411
2015/10/14	BYTES TECHNOLOGY GROUP SOUTH AFRICA	USER GROUP DEVELOPMENT SHARE OF COSTS	BYTES IS THE SERVICE PROVIDER FOR MUNICIPALITY'S FINANCIAL SYSTEM .THIS IS SAMRAS USER GROUP SHARE OF COSTS OF DEVELOPMENTS AMONG MUNICIPALITIES THAT USE THE SYSTEM.	s36(1)(a)(v)	AO	R 12 910.24	44078
2015/10/14	BYTES TECHNOLOGY GROUP SOUTH AFRICA	ASSISTANCE ON SARS BI ANNUAL PROJECT PLAN	BYTES IS THE SERVICE PROVIDER FOR MUNICIPALITY'S FINANCIAL SYSTEM .THIS IS FOR ASSISTANCE FOR CORRECTING ERRORS OF IRPs FOR SARS BI ANNUAL SUBMISSION.	s36(1)(a)(v)	AO	R 4 355.00	44080

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/10/26	CELL-U-TECH	LCD REPLACEMENT,SCREEN REPLACE	THIS PAYMENT IS INSURANCE CLAIMS FOR CONTRACT CELLPHONES.THE CONTRACTS IS WITH AUTOPGE-CELL-U-TECH AND WHEN THE PHONES GOT DAMAGEDIT WAS SEND IN FOR REPAIRS.THE INSURANCE DID RECEIVE THE QUOTES AND THEN PAID THE AMOUNTS FOR THE REPAIRS OF THE CELLPHONE INTO THE MUNICIPALITY'S BANK ACCOUNT IN ORDER FOR US TO PROCESS THE PAYMENT TO THE SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 8 979.89	43508
2015/10/26	NOLTE SMIT ATTORNEYS	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY.THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 4 003.38	44195
2015/10/28	SOMERSET BUDGET	T14/2015-SUPPLY AND DELIVERY OF SILL CONCRETE PIPING AND T15/2015-SUPPLY AND DELIVERY OF FLEET FOR BCRM	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN PROCESS OF APPLYING FOR A NEW TCC.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING IN THEIR NEWSPAPER.	s36(1)(a)(v)	AAO	R 5 386.50	44225
2015/11/19	RENNIES TRAVEL PTY LTD	CAR RENTAL FOR CORPORATE SERVICES FROM THE 20TH NOVEMBER	XL BAY IS THE CHEAPEST OUT OF THREE QUOTATIONS RECEIVED, BUT THEY QUOTED ON REFERAL VOUCHER WHERE THE MUNICIPALITY HAS TO PAY DIRECTLY WHEN PICKING UP THE CAR. THE MUNICIPALITY THE MUNICIPALITY DOES NOT HAVE THE CREDIT CARD AS PER MFMA.	s36(1)(a)(v)	AAO	R 20 301.15	44506
2015/11/19	NOLTE SMIT ATTORNEYS	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY.THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 4 335.44	44489
2015/11/19	BG SECURITY	GUARD DAY SHIFT	BG SECURITY SERVICES SUPPLY THE FINANCE DEPARTMENT WITH THE FOLLOWING SERVICES: CASH- IN - TRANSIT AND GUARD DAY SHIFT.	s36(1)(a)(v)	AO	R 5 956.98	44499
2015/11/19	B G SECURITY	GUARD DUTIES:MAYOR' S HOUSE, DEPOT	OUT OF THE THREE SECURITY COMPANIES THAT ARE ON OUR DATABASE,THEY ARE THE ONLY ONE WHO HAVE DEREGISTERED ON PSIRA,(VUKA UZENZELE WERE THE CHEAPEST BUT NOT COMPLIANT).	s36(1)(a)(v)	AO	R 39 780.32	44491

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/12/01	SONDLO AN KNOPP ADVERT	CANCELLATION OF TEN	THE TENDER FOR THE UPGRADING OF SPORTSFIELD WAS ADVERTISED ON THE HERALD AND IT HAS TO BE CANCELLED ON THE PAPER IWAS ADVERTISED ON. QUOTATIONS WERE REQUESTED FROM CRACKER JACK,BOOM TOWN,SONDLO AND THE HERALD .WE ONLY RECEIVED QUOTES FROM THE HERALD AND SONDLO.	s36(1)(a)(v)	AO	R 3 170.34	44623
2015/12/02	FREMA CONSULTANTS	GUARD DUTIES FOR SEPTEMBER 2015 AND OCTOBER 2015	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE.ONE OF THE SERVICE PROVIDERS (VUKA UZENZELE) HAS BEEN DEREGISTERD ON PSIRA HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE.THIS CONTRACT WAS EXTENDED FOR TWO MONTHS.	s36(1)(a)(v)	AO	R 19 376.78	44651
2015/12/17	NOLTE SMIT ATTORNEYS	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY.THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AAO	R 2 623.76	44800

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/12/22	BG SECURITY	GUARD DAY SHIFT	BG SECURITY SERVICES SUPPLY THE FINANCE DEPARTMENT WITH THE FOLLOWING SERVICES: CASH- IN - TRANSIT AND GUARD DAY SHIFT.	s36(1)(a)(v)	AO	R 5 956.98	44499
2015/12/23	B G SECURITY	GUARD DUTIES:MAYOR' S HOUSE, DEPOT	OUT OF THE THREE SECURITY COMPANIES THAT ARE ON OUR DATABASE,THEY ARE THE ONLY ONE WHO HAVE DEREGISTERED ON PSIRA,(VUKA UZENZELE WERE THE CHEAPEST BUT NOT COMPLIANT).	s36(1)(a)(v)	AAO	R 85 782.15	44843
CORPORATE SERVICES							
2015/10/01	B G SECURITY	SECURITY/ALARM SYSTEMSERVICE IRO SEPT 2015:VARIOUS BUILDING.OLD IEC OFFICES, AIRFIELD TERMINAL	BG SECURITY IS THE ONLY SUPPLIER IN BCRM AREA THAT OFFERS ALARM SYSTEM SERVICES.	s36(1)(a)(v)	AO	R 7 765.00	43940
2015/10/01	CHRIS BAKER AND ASSOCIATES	LEGAL COST IRO SEP 2015 IN RE ONGOING LEGAL MATTERS	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENTOF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRYON MAKING USE OF THIS SERVICE PROVIDER.THIS IS PART PAYMENTON THE COURT CASE OF MR DREYER.	s36(1)(a)(v)	AO	R 3 707.51	43941
2015/10/01	SOMERSET BUDGET	PUBLICATION OF NOTICE 45/2015:DRAFT BY-LAWS	TAX CLEARANCE HAS EXPIRED.SOMERSET BUDGET ARE IN PROCESS OF APPLYING FOR NEW ONE(SEE EMAIL ATTACHED).THE SERVICE PROVIDER IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA, HENCE WE ARE ADVERTISING THERE.	s36(1)(a)(v)	AO	R 2 154.60	43942

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/10/08	SOMERSET BUDGET	ADVERT FOR PMU MANAGER	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER.ADVERT FOR PMU MANAGER	s36(1)(a)(v)	AO	R 2 308.50	43696
2015/10/28	SOMERSET BUDGET	PUBLICATION OF NOTICE 50/2015:SPECIAL COUNCIL MEETING	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER.	s36(1)(a)(v)	AAO	R 1 077.30	44231
2015/10/30	B G SECURITY	SECURITY SERVICES IRO OCTOBER 2015 AT VARIOUS BUILDINGS,IEC OFFICES AND AIRFIELD TERMINAL	BG SECURITY IS THE ONLY SUPPLIER IN BCRM AREA THAT OFFERS ALARM SYSTEM SERVICES.	s36(1)(a)(v)	AO	R 7 765.00	44252
2015/11/13	B G SECURITY	CIT SERVICES BESTERSHOEK	THERE IS NO FORMAL CONTRACT FOR SECURITY SERVICES WITH BG SECURITY BUT THESE SERVICES ARE NEEDED IN BESTERSHOEK TO SECURE MUNICIPAL PROPERTY .THERE IS ALSO CASH IN TRANSIT ATTACHED TO THESE SERVICES AND BG SECURITY IS THE ONLY SECURITY COMPANY DOING IT LOCALLY	s36(1)(a)(v)	AO	R 17 426.15	44416
2015/11/13	XL BAY TRAVEL	ACCOMMODATION FLIGHT AND CAR RENTAL FOR MS Z.NTILE	WE HAVE ONLY 4 ACCREDITED TRAVEL AGENCIES AND THE 4TH IS NO LONGER INTERESTED IN QUOTING FOR US. WILLARDS HAS NOT QUOTED DESPITE THE ATTACHED REQUEST.	s36(1)(a)(v)	AO	R 11 131.34	44421

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/11/18	BG SECURITY	ALARM MONITOR & SECURITY SERVICES FOR NOV.2015 AT VARIOUS	BG SECURITY IS THE ONLY SUPPLIER IN BCRM AREA THAT OFFERS ALARM SYSTEM SERVICES.	s36(1)(a)(v)	AO	R 7 765.00	44428
2015/11/19	SMITH TABATA INCORPORATED	LEGAL COSTS IRO OCTOBER 2015	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 400 795.89	44500
2015/11/19	CHRIS BAKER AND ASSOCIATES INC	LEGAL FEES IRO OCTOBER 2015	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 22 800.00	44501
2015/11/19	ABRAHAMSON & REYNOLDS	LEGAL COSTS RE BCRM/SANTAM REQUESTED DOCUMENTS	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 5 293.02	44502
2015/11/27	NOLTE SMIT ATTORNEYS	LEGAL COSTS INCURRED	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 2 229.01	44598

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/11/27	NOLTE SMIT ATTORNEYS	LEGAL COSTS RE MATTER OF STANDARD BANK VERSUS BCRM	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 7 524.00	44596
2015/12/03	SOMERSET BUDGET	COUNCIL MEETING 10/12/2015	TAX CLEARANCE HAS EXPIRED. SOMERSET BUDGET ARE IN PROCESS OF APPLYING FOR NEW ONE.THE SERVICE PROVIDER IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA ,HENCE WE ARE ADVERTISING THERE.	s36(1)(a)(v)	AO	R 692.55	44668
2015/12/04	ROYAL HOTEL	ACCOMMODATION FOR CHIEF FIRE OFFICER MR A CONWAY	SOMERSET HOTEL DOES NOT PROVIDE SELF SERVICES CATERING AND THE MOUNTAIN VIEW IS FULLY BOOKED FOR THE SAID DATES. WE ONLY GOT A QUOTE FROM ROYAL HOTEL.	s36(1)(a)(v)	AAO	R 8 400.00	44678
2015/12/14	KUKA CONSULTING	ATTENDING ON SHORTLISTING OF OHS OFFICER	KUKA CONSULTING WAS APPOINTED IN TENDER T07/2014 (OHS) AND THEY DEVELOPED POLICIES AND PLANS FOR THE MUNICIPALITY .THEY HAVE BEEN PART OF RECRUITMENT ON INITIAL RECRUITMENT AND HAVE TO BE CONSULTED TO DO SHORTLISTING & INTERVIEWS FOR TECHNICAL ASSISTANCE TO THE MUNICIPALITY.	s36(1)(a)(v)	AO	R 9 131.00	44782
2015/12/14	SOMERSET BUDGET	PUBLICATION OF NOTICE 60/2015	TAX CLEARANCE HAS EXPIRED. SOMERSET BUDGET ARE IN PROCESS OF APPLYING FOR NEW ONE.THE SERVICE PROVIDER IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA ,HENCE WE ARE ADVERTISING THERE.	s36(1)(a)(v)	AAO	R 1 577.74	44781
2015/12/21	BG SECURITY	ALARM SYSTEM & SECURITY SERVICES IRO DEC 2015	BG SECURITY IS THE ONLY SUPPLIER IN BCRM AREA THAT OFFERS ALARM SYSTEM SERVICES.	s36(1)(a)(v)	AAO	R 7 765.00	44817

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/12/23	CHRIS BAKER AND ASSOCIATES INC	LEGAL COSTS IRO OF TAX INVOICE	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 4 577.10	44837
2015/12/23	CHRIS BAKER AND ASSOCIATES INC	LEGAL FEES IRO OCTOBER 2015	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 6 067.08	44838
2015/12/23	ALGOA TOYOTA	100 000KM SERVICE AS PER QUOTATION	ONLY AGENTS HINO TIPPER 100 000KM SERVICE MAJOR SERVICE ONLY BY HINO ALGOA IN PORT ELIZABETH.	s36(1)(a)(v)	AO	R 12 185.28	44732
2015/12/23	CHRIS BAKER AND ASSOCIATES INC	LEGAL FEES RE TAX INVOICE	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 2 610.60	44835
COMMUNITY SERVICES							
2015/10/01	SOMERSET BUDGET	FIRE EMERGENCY REPORT BOOKS	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER.	s36(1)(a)(v)	AO	R 5 464.94	43938

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/10/02	BKB LIMITED	STRASSBERGER 9RL SHOES SIZE 7*1,SIZE 8*1,SIZE 5*1	SHOE DISTRIBUTOR AGENCIES OF STRASSBERGER ARE OVK,BKB AND DIE HUMANSDORP KOPARASIE.OVK AND HUMANSDORP COOP ARE NOT ON THE DATABASE AND BKB IS.WE HAVE TRIED TO REGISTER THEM BUT THEY ARE NOT RETURNING THE FIRMS.	s36(1)(a)(v)	AAO	R 5 464.94	43952
2015/10/05	B G SECURITY	CIT SERVICES BESTERSHOEK	THERE IS NO FORMAL CONTRACT FOR SECURITY SERVICES WITH BG SECURITY BUT THESE SERVICES ARE NEEDED IN BESTERSHOEK TO SECURE MUNICIPAL PROPERTY .THERE IS ALSO CASH IN TRANSIT ATTACHED TO THESE SERVICES AND BG SECURITY IS THE ONLY SECURITY COMPANY DOING IT LOCALLY.	s36(1)(a)(v)	AAO	R 15 755.71	43967
2015/10/06	SOMERSET BUDGET	OCCUPATIONAL HEALTH & SAFETY OFFICER	WE ADVERTISE ON THE SOMERSET BUDGET BECAUSE THEY ARE THE ONLY SUPPLIER IN TOWN AND WE WANT TO APPEAL TO THE LOCAL COMMUNITY AND THE NEIGHBOURING SMALL TOWNS THAT THE NEWSPAPER SUPPLIES	s36(1)(a)(v)	AAO	R 2 270.00	43984
2015/10/13	SOMERSET BUDGET	NOTICE TRAFFIC DEPARTMENT ADVERTISEMENT	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING IN THEIR NEWSPAPER.	s36(1)(a)(v)	AO	R 1 026.00	44053
2015/11/03	TASIMA (PTY) LTD	ON SITE INSTALLATION SET UP TESTING	TASIMA IS THE ONLY SERVICES PROVIDER .DUE TO THE RENOVATION AT THE TRAFFIC DEPT.WE AS THE TRAFFIC DEPT WAS DISCONNECTED HENCE WE TRYING TO GET RECONNECTED.	s36(1)(a)(v)	AAO	6 630.24	44 292.00
2015/11/04	BG SECURITY	CIT SERVICES BESTERSHOEK	THERE IS NO FORMAL CONTRACT FOR SECURITY SERVICES WITH BG SECURITY BUT THESE SERVICES ARE NEEDED IN BESTERSHOEK TO SECURE MUNICIPAL PROPERTY .THERE IS ALSO CASH IN TRANSIT ATTACHED TO THESE SERVICES AND BG SECURITY IS THE ONLY SECURITY COMPANY DOING IT LOCALLY	s36(1)(a)(v)	AAO	17 426.27	44 315.00
2015/11/06	BELL EQUIPMENT SALES	REMOVE,SUPPLY AND REMAN TRANSMISSIONFLZ37 8EC	THE TLBWAS BOUGHTFROM THIS SERVICE PROVIDER AND THEY ARE ALSO SERVICING IT. THEY ARE THE MANUFACTURERS OF THIS MACHINE.	s36(1)(a)(v)	AO	109 511.60	44 345.00

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/11/20	BG SECURITY	GUARD NIGHT SHIFT,GUARD DAY SHIFT,GUARD SUNDAY SHIFT	THIS IS THE SECURITY GUARD FOR THE TRAFFIC DEPARTMENT.FOR THE NEW BUILDING THAT WAS BURGLARED LAST NIGHT .THE ALARM SYSTEM IS ALSO DISCONNECTED DUE TO THE RENOVATIONS.GUARDING SERVICES ARE NEEDED IMMEDIATELY UNTIL THE SYSTEM IS CONNECTED. A SAFE WAS ALSO TAKEN DURING THE BURGLARY.	s36(1)(a)(v)	AAO	2 648.29	44 530.00
2015/11/24	PINE LODGE	ACCOMMODATION FOR V.BALASANA FROM 24-27/11/2015	QUOTATIONS WERE REQUESTED FROM DIFFERENT SUPPLIERS;SUMMERSTRAND HOTEL IS FULLY BOOKED AND COULDN'T PROVIDE QUOTATION ,ROAD LODGE IS ALSO FULLY BOOKED ON THE 25TH OF NOVEMBER 2015,AS WEL AS OTHER PLACES IN PORT ELIZABETH ARE FULLY BOOKED,HENCE WE ARE USING PINE LODGE.	s36(1)(a)(v)	AO	3 270.00	44 547.00
2015/12/02	DE KLERKS BODY REPAIRS	EXCESS ON CLAIM CL79301	DE KLERK'S BODY WORKS IS THE ONLY SERVICE PROVIDER WHO'S TAX CLEARANCE IS IN PLACE AND IT IS ALSO THE SERVICE PROVIDER APPROVED BY THE MUNICIPALITY'S INSURER AS THIS IS AN INSURANCE CLAIM.	s36(1)(a)(v)	AO	R 3 000.00	44639
2015/12/15	BOSBERG ENTERPRISES	BCRM TRAFFIC SERVICES SIGNAGE	THE SUPPLIER IS THE ONLY LOCAL SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 3 400.00	44792
2015/12/15	BOSBERG ENTERPRISES	BCRM TRAFFIC SERVICES ORANGE AND BLUE REFLECTIVE	THE SUPPLIER IS THE ONLY LOCAL SERVICE PROVIDER.	s36(1)(a)(v)	s36(1)(a)(v)	R 4 000.00	44791

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/12/15	BELL EQUIPMENT SALES	REMOVE,SUPPLY AND REMAN TRANSMISSIONFLZ37 8EC	THE TLBWAS BOUGHTFROM THIS SERVICE PROVIDER AND THEY ARE ALSO SERVICING IT. THEY ARE THE MANUFACTURERS OF THIS MACHINE.	s36(1)(a)(v)	AO	R 109 511.60	44345
2015/12/15	BOSBERG ENTERPRISES	METAL BOARDS AND ABS BOARDS	THE SUPPLIER IS THE ONLY LOCAL SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 3 500.00	44750
2015/12/17	SPARKS & ELLIS	PANTERA JACKET,SIZE 14 ON SHELF MADE UP	THE SERVICE PROVIDER IS THE ONLY SUPPLIER THAT HAS ALL THOSE UNIFORM ITEMS FOR THE NEWLY-APPOINTED CHIEF FIRE OFFICER WHO URGENTLY REQUIRES THE UNIFORM.	s36(1)(a)(v)	AAO	R 10 665.68	44796
MUNICIPAL MANAGER							
2015/10/14	SOMERSET BUDGET	CNDC LAUNCH NOTICE/ADVERT	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING IN THEIR NEWSPAPER.	s36(1)(a)(v)	AO	R 961.87	44068
2015/11/19	NOLTE SMIT ATTORNEYS	TRANSLATION OF COURT RECORDS	IMPRACTICAL TO FOLLOW SCM PROCESSES DUE TO THE FACT THAT THE SERVICES WERE RENDERED BY A COURT JUDGEMENT	s36(1)(a)(v)	AO	R 8 550.00	44503
2015/11/19	BYTES TECHNOLOGY GROUP	USER GROUP DEVELOPMENT	BYTES IS THE SERVICE PROVIDER FOR THE MUNICIPALITY 'S FINANCIAL SYSTEM.THIS IS SAMRAS USER GROUP SHARE OF COSTS DEVELOPMENTAMONG MUNICIPALITIES THA USE THE SYSTEM.	s36(1)(a)(v)	AO	R 5 739.13	44536

ANNEXURE A – DEVIATION REGISTER 01 JANUARY TO 31 MARCH 2016

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
TECHNICAL SERVICES							
2016/01/07	ASD INTERNATIONAL	REPAIR AND PAINT BODY WORKS	ONLY ONE SUPPLIER OF THIS KIND OFF SERVICE IN SOMERSET EAST.	s36(1)(a)(v)	AAO	R 3 100.80	44878
2016/01/27	ALGOA TOYOTA	40000 KM SERVICE AS PER QUOTATION	40000 KM SERVICE DONE BY AGENTS ONLY HINO ALGOA AGENTS ONLY IN PE.	s36(1)(a)(v)	AAO	R 3 996.11	45073
2016/01/28	ASD INTERNATIONAL	HIRE OF TLB 3.9 HRS AT 420/HRS CALL OU FEE	WE WERE HAVING A BREAKDOWN AND THE WATER COULDN'T SUPPLIED FOR THE OTHER PART OF TOWN SO WE NEEDED A TLB FOR EXCAVATION WHILE THE MUNICIPAL TLB'S WERE BOTH BROKEN SO WE END-UP CALLING FOR ASD TO HIRE THEIR TLB.	s36(1)(a)(v)	AAO	R 2 323.32	45078
2016/02/11	BG SECURITY	AFTER HOURS SERVICES TELKOM	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AAO	R 3 990.00	45214
2016/02/11	BG SECURITY	TELEPHONE SERVICES:WATER DEPT	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO WATER DEPT AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AAO	R 2 859.12	45200
2016/02/11	BG SECURITY	TELEPHONE SERVICES:WATER DEPT	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO WATER DEPT AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AAO	R 2 859.12	45201
2016/02/15	ASD INTERNATIONAL	REBUILD TLB BUCKET AND SUPPLY PLATES AS PER QUOTATION	ONLY ONE PROVIDER IN SOMERSET EAST FOR QUOTATIONS. FOR QUOTATIONS TO BE SOUGHT IN PE THE BUCKET MUST BE TAKEN OFF AND TRANSPORTED TO PE .THIS BUCKET WEIGH NEARLY 500 KG.	s36(1)(a)(v)	AO	R 24 042.60	45233

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/02/25	BG SECURITY	AFTER HOURS SERVICES TELKOM	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AAO	R 3 990.00	45343
2016/02/25	UD TRUCKS	C+SERVICE AS PER QUOTATION	50000KM SERVICE ONLY AGENTS WHICH IS BILLSON TRUCKS IN PE	s36(1)(a)(v)	AAO	R 11 908.55	45346
FINANCIAL SERVICES							
2016/01/12	TIMES MEDIA EC	ADENDUM T01 & T02 UPGRADING OF SPORTSFIELD IN COOKHOUSE AND PEARSTON	WE ARE UNABLE TO GET OTHER QUOTATIONS FROM OTHER SUPPLIERS AS THE ADVERT MUST BE PUBLISHED IN THE HERALD THE FOLLOWING DAY (12/01/2016).ONE QUOTE WAS RECEIVED FROM TIMES MEDIA.	s36(1)(a)(v)	AAO	R 2 900.16	44891
2016/01/22	FREMA CONSULTANTS	GUARD DUTIES FOR NOVEMBER 2015, DECEMBER 2015 AND JANUARY 2016	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE.ONE OF THE SERVICE PROVIDERS (VUKA UZENZELE) HAS BEEN DEREGISTERD ON PSIRA HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE.THIS CONTRACT WAS EXTENDED FOR TWO MONTHS.	s36(1)(a)(v)	AO	R 30 270.67	45005
2016/02/03	NOLTE SMIT ATTORNEYS	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS(LEGAL MATTERS) ON BEHALF OF THE BLUE CRANE ROUTE MUNICIPALITY.THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE TENDER IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 1 047.82	45141

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/02/15	RENNIES TRAVEL PTY LTD	FLIGHT TO JOHANNESBURG AND CAR HIRE FOR MR G GOLIATH ATTENDING CONSULTATION OF THE REVISED PRICING STRATEGY	WE REQUESTED THREE QUOTATIONS FROM TRAVEL AGENCIESXL BAY,RENNIES TRAVEL AND WILLARDS TRAVEL. THE CHEAPEST IS XL BAY BUT THEY ONLY DOREFFERAL FOR CAR HIRE AND THE MUNICIPALITY MUST HAVE A CREDIT CARD WITH AN AMOUNT OF R491.00 OF WHICH THE MUNICIPALITYDOESN'T HAVE A CREDIT CARD.	s36(1)(a)(v)	AO	R 12 543.93	45232
2016/02/23	SONDLO AND KNOPP ADVERTISING CC	PLACEMENT OF NOTICE 08/2016	WE RECEIVED THREE QUOTES BUT IT IS IMPOSSIBLE TO PLACE THE NOTICE IN THE DAILY DISPATCH AS IT IS NOT A LOCAL PAPER,THEREFORE THE NOTICE MUST BE PLACE IN THE HERALD THAT IS A LOCAL NEWSPAPER.NOTE SUPPLY CHAIN REGUALTION 36.	s36(1)(a)(v)	AAO	R 3 009.60	45310
2016/03/07	B G SECURITY	GUARD DUTIES DEPOT,AIRFIELD AND MAYOR'S HOME	OUT OF THE THREE SECURITY COMPANIES THAT ARE ON OUR DATABASE,(VUKA UZENZELE SECURITY) THEY ARE THE ONLY ONES WHO HAVE BEEN DEREGISTERED ON PSIRA,(VUKA UZENZELE WAS THE CHEAPEST BUT NOT COMPLIANT).	s36(1)(a)(v)	AO	R 43 042.71	45452
2016/03/07	B G SECURITY	GUARD DUTIES DEPOT,AIRFIELD AND MAYOR'S HOME	OUT OF THE THREE SECURITY COMPANIES THAT ARE ON OUR DATABASE,(VUKA UZENZELE SECURITY) THEY ARE THE ONLY ONES WHO HAVE BEEN DEREGISTERED ON PSIRA,(VUKA UZENZELE WAS THE CHEAPEST BUT NOT COMPLIANT).	s36(1)(a)(v)	AO	R 41 829.51	45455
CORPORATE SERVICES							
2016/01/27	SONDLO AND KNOPP ADVERTISING CC	TRAFFIC OFFICERS ADVERT SOMERSET BUDGET	THE TRAFFIC OFFICER POSITION IS GOING TO BE ADVERTISED IN THE SOMERSET BUDGET THROUGH THE USE OF SONDLO & KNOPP ADVERTISING, DUE TO THE SOMERSET BUDGET'S TAX CLEARANCE CERTIFICATE PROBLEMS.S/BUDGET IS CHEAPER .OTHER AGENCIES (BOOM TOWN & CRACKER JACK) ARE NOT INTERESTED IN QUOTING.	s36(1)(a)(v)	AAO	R 2 147.32	45076

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/01/27	SONDLO AND KNOPP ADVERTISING CC	TRAFFIC OFFICERS ADVERT THE DAILY DISPATCH	.OTHER AGENCIES (BOOM TOWN & CRACKER JACK) ARE NOT INTERESTED IN QUOTING STATING THAT WE HAVE TO BOOKWITH THEM TWO WEEKS PRIOR PUBLICATION.	s36(1)(a)(v)	AAO	R 11 812.68	45077
2016/02/11	ABRAHAMSON & REYNOLDS	LEGAL COSTSEXCHANGE TRANSFERS BCRM TO JC	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENTOF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING ALL THE FOLLOWING ONGOING LEGAL MATTERS.	s36(1)(a)(v)	AO	R 12 685.54	45203
2016/02/11	CHRIS BAKER AND ASSOCIATES INC	LEGAL COSTS IRO JANUARY 2016	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENTOF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING ALL THE FOLLOWING ONGOING LEGAL MATTERS.	s36(1)(a)(v)	AO	R 2 704.88	45204
2016/02/11	SMITH TABATA INCORPORATED	LEGAL FEES	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENTOF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING ALL THE FOLLOWING ONGOING LEGAL MATTERS.	s36(1)(a)(v)	AO	R 44 247.67	45202

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/02/12	SMITH TABATA INCORPORATED	LEGAL FEES	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENTOF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING ALL THE FOLLOWING ONGOING LEGAL MATTERS.	s36(1)(a)(v)	AAO	R 79 950.30	45223
2016/02/19	BG SECURITY	LARM SECURITY SERVICES FOR FEB 2016 AT VARIOUS BUILDINGS	BG SECURITY IS THE SOLE SUPPLIER OF ALARM SYSTEM SERVICES IN BCRM AREA.	s36(1)(a)(v)	AO	R 7 765.00	45292
2016/02/19	SMITH TABATA INCORPORATED	LEGAL FEES	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENTOF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING ALL THE FOLLOWING ONGOING LEGAL MATTERS.	s36(1)(a)(v)	AO	R 188 784.00	45293
2016/02/19	BG SECURITY	SUPPLY OF ALARM SYSTEM SERVICES FOR JAN 2016	BG SECURITY IS THE SOLE SUPPLIER OF ALARM SYSTEM SERVICES IN BCRM AREA.	s36(1)(a)(v)	AO	R 7 765.00	45295
2016/03/08	CHRIS BAKER AND ASSOCIATES INC	LEGAL COSTS IRO FEBRUARY 2016	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENTOF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING ALL THE FOLLOWING ONGOING LEGAL MATTERS.	s36(1)(a)(v)	AO	R 11 374.01	45472

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/03/08	B G SECURITY	ALARM SERVICES IRO MARCH 2016 AT VARIOUS BUILDING,AIRFIELD TERMINAL,OLD IEC OFFICES	BG SECURITY IS THE SOLE SUPPLIER OF ALARM SYSTEM SERVICES IN BCRM AREA.	s36(1)(a)(v)	AO	R 7 765.00	45474
2016/03/31	ABRAHAMSON & REYNOLDS	LEGAL COSTS RE TRANSFER OF PROPERTIES AND REPORT OF PENDING	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENTOF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER ABRAHAMSON & REYNOLDS AND ASSOCIATES ARE CURRENTLY HANDLINGVARIOUS TRANSFERS OF MUNICIPAL PROPERTIES MATTERS .THIS IS A PART PAYMENT ON THE ABOVEMENTIONED ONGOING MATTERS.	s36(1)(a)(v)	AO	R 2 091.90	45644
COMMUNITY SERVICES							
2016/01/07	HOUDINI SECURITY CC	OPEN SAFE WITH KEY NOT WORKING	THERE IS ONLY TWO SERVICE PROVIDERS WITHIN THE SARAH BAARTMAN DISTRICT.DUE TO THE URGENCY OF THE OPERATION OF THE NEWLY RENOVATED TRAFFIC BUILDING ,THE JAMMED WALK-IN SAFE REQUIRES OPENING AND REPAIRING.	s36(1)(a)(v)	AAO	R 4 100.00	44866
2016/02/02	ALGOA TOYOTA	SERVICE 150000KM FDJ940EC	TRUCK FOR SERVICE DELIVERY NEEDS SERVICE AND LOCAL PROVIDER DOES NOT SERVICE TRUCKS.HINO ALGOA IS THE ONLY ONE ON OUR DATABASE.	s36(1)(a)(v)	AO	R 4 106.00	45108
2016/02/16	BG SECURITY	CIT SERVICES BESTERSHOEK.	THERE IS NO FORMAL CONTRACT FOR SECURITY SERVICES WITH BG SECURITY BUT THESE SERVICES ARE NEEDED IN BESTERSHOEK TO SECURE MUNICIPAL PROPERTY.THERE IS ALSO CASH IN TRANSIT ATTACHED TO THESE SERVICES AND BG SECURITY IS THE ONLY SECURITY COMPANY DOING IT LOCALLY.	s36(1)(a)(v)	AAO	R21 999.73	45256

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/0218	BELL EQUIPMENT SALES SOUTH AFRICA	EXTERNAL REPAIRS	REPAIRS ALREADY DONE ON ORDER 44345 (ATTACHED) AND FURTHER REPAIRS NEED TO BE DONE THAT WERE PICKED UPWHILE WORKING ON THE TLB AS PER ATTACHED MEMO,EMAIL FROM SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 59 767.86	45283
2016/03/09	BG SECURITY	CIT SERVICES BESTERSHOEK	THERE IS NO FORMAL CONTRACT FOR SECURITY SERVICES WITH BG SECURITY BUT THESE SERVICES ARE NEEDED IN BESTERSHOEK TO SECURE MUNICIPAL PROPERTY.THERE IS ALSO CASH IN TRANSIT ATTACHED TO THESE SERVICES AND BG SECURITY IS THE ONLY SECURITY COMPANY DOING IT LOCALLY.	s36(1)(a)(v)	AAO	R 20 127.28	45491
MUNICIPAL MANAGER							
2016/01/21	ZZZ IN T/A CASABELLA GUESTHOUSE	ACCOMMODATION FOR CLLR YANTOLO AND CLLR MJIKELO ATTENDING SESSION IN EAST LONDON	DUE TO THE FINISHING TIME OF THE SESSION CLLR MJIKELO & YANTOLO WILL NOT BE ABLE TO TRAVEL.ACCOMMODATION FOR THE 2 NIGHTS WAS ALREADY DONE AT ZZZ B&B AND IT WAS THE CHEAPEST FROM THE 3 QUOTATIONS WE ASKED FROM OTHER SERVICE PROVIDERS HENCE WE ASKED AGAIN QUOATATIONFOR THE EXTENDED ONE NIGHT 24 JANUARY 2016.	s36(1)(a)(v)	AO	R 8 550.00	44503
2016/01/25	PAUL JORDAAN PROMOSIES BK	PJ PROMO CONTRACT FOR B/F JUNE 2016	HIS DUTIES ARE CONTRACTING AND MANAGING ARTISTS AND HE IS ALSO INVOLVED IN THE MARKETING OF THE FESTIVAL USING THE ARTISTS' PLATFORM.HE HAS EXCELLENT CONTACTS IN THE BUSINESS OF ENTERTAINMENT ,IS COMMITTED AND HAS YEARS OF EXPERIENCE,THIS WILL BE THE 25TH BILTONG FESTIVAL THAT HE WILL BE RESPONSIBLE FOR ENTERTAINMENT MANAGING.DUE TO HIS EXPERTISE IN THE FIELD AND FOR CONTINUITY WE THEREFORE RECOMMEND THAT HIS CONTRACT BE EXTENDED.	s36(1)(a)(v)	AO	R 34 185.00	45036

ANNEXURE A – DEVIATION REGISTER 01 APRIL TO 30 JUNE 2016

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
TECHNICAL SERVICES							
2016/04/05	UD TRUCKS	60000 KM SERVICE DONE AS PER QUOTATION	60000 KM SERVICE DONE ONLY BY AGENTS WHICH IS BILLSON TRUCKS IN PE	s36(1)(a)(v)	AO	R 12 038.92	45694
2016/04/08	B G SECURITY	AFTER HOUR SERVICES TELKOM	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 3 990.00	45721
2016/04/13	INDUSTRIAL AIR CONDITIONING	SUPPLY AND INSTALLATION OF SIX MID WALL UNIT AIR-CONDITIONER	THE MARKET WAS TESTED ON THREE DIFFERENT OCCASSIONS BY INVITING POTENTIAL SERVICE PROVIDERS VIA THE NEWSPAPERS TO SUPPLY THE BLUE CRANE ROUTE MUNICIPALITY WITH WRITTEN QUOTATIONS .THE SUPPLY CHAIN PROCESS WAS NOT SUCCESFUL TO ATTRECT POTENTIAL SERVICE PROVIDERS.ATTACHED ARE THREE QUOTATIONS AND REPORT BY SCM PRACTITIONER.	s36(1)(a)(v)	AO	R 73 102.50	45773
2016/04/18	B G SECURITY	CIT TRANSPORT,GUARD DAY SHIFT	BG SECURITY IS THE ONLY SECURITY COMPANY IN OUR AREA THAT OFFERS CIT SERVICESGUARD DUTIES AT CASHIER OFFICE,TOWN HALL,SOMERSET EAST.	s36(1)(a)(v)	AAO	R 5 956.98	45811
2016/04/18	B G SECURITY	TELEPHONE SERVICE: WATER DEPT.	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 2 857.12	45807
2015/05/06	BOSCHBERG SUB AREA	BOARD RATES APRIL,MAY,JUNE	AN ORGANISATION THAT MANAGES THE CANAL THAT TAKES WATER THROUGH CANAL FROM THE GREAT FISH RIVER IN CRADOCK THROUGH TO COOKHOUSE AND SOMERSET EAST.	s36(1)(a)(v)	AO	R 19 760.76	42656
14-May	A&D POWER	SUPPLY AND INSTALL 11KV CABLE AT MAIN SUBSTATION	AEROVILLE WAS DAMAGED DURING LOAD SHEDDING ON 18/04/2015.A TEMPORARY CABLE IS USED TO LINK AEROVILLE TO COOKHOUSE.THIS COULD RESULT IN THE LOSS OF BOTH FEEDERS IF NOT REPAIRED.	s36(1)(a)(v)	AO	R 15 595.20	42743

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
19-May	B G SECURITY	AFTER HOUR SERVICES	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 3 636.60	42776
20-May	BABCOK EQUIPMENT	VOE15171623 SEALING KIT	AGENTS ONLY	s36(1)(a)(v)	AO	R 2 027.95	42787
25-May	B G SECURITY	AFTER HOUR SERVICES	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 2 859.12	42838

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
23/06/2016	BG SECURITY	TELKOM,LABOUR	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS.THEY ARE THE ONLYPROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 3 990.00	46520
FINANCIAL SERVICES							
2016/04/11	FREMA CONSULTANTS	GUARD DUTIES AT THE SLEUCE	THERE ARE THREE SECURITY COMPANIES OFFERING SECURITY SERVICES ON OUR DATABASE.ONE OF THE SERVICE PROVIDERS VUKA UZENZELE SECURITY HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A FROM THEM ANYMORE.THIS CONTRACT WAS EXTENDED FOR TWO MONTHS.	s36(1)(a)(v)	AAO	R 10 580.03	45730
2016/04/12	B G SECURITY	GUARD DUTIES DEPOT,AIRFIELD AND MAYOR'S HOME	OUT OF THE THREE SECURITY COMPANIES THAT ARE ON OUR DATABASE,(VUKA UZENZELE SECURITY) THEY ARE THE ONLY ONES WHO HAVE BEEN DEREGISTERED ON PSIRA,(VUKA UZENZELE WAS THE CHEAPEST BUT NOT COMPLIANT).	s36(1)(a)(v)	AAO	R 37 253.19	45731
2016/04/19	NOLTE SMIT ATTORNEYS	LEGAL FEES FOR FEBRUARY 2016	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS ON BEHALF OF THE BLUE CRANE ROUTE MUNICIPALITY .THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE TENDER IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 978.24	45831

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/04/26	FREMA CONSULTANTS	GUARD DUTIES AT THE SLEUCE	THERE ARE THREE SECURITY COMPANIES OFFERING SECURITY SERVICES ON OUR DATABASE.ONE OF THE SERVICE PROVIDERS VUKA UZENZELE SECURITY HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A FROM THEM ANYMORE.THIS CONTRACT WAS EXTENDED FOR TWO MONTHS.	s36(1)(a)(v)	AO	R 9 698.38	45893
2016/04/26	B G SECURITY	GUARD DUTIES DEPOT,AIRFIELD AND MAYOR'S HOME	OUT OF THE THREE SECURITY COMPANIES THAT ARE ON OUR DATABASE,(VUKA UZENZELE SECURITY) THEY ARE THE ONLY ONES WHO HAVE BEEN DEREGISTERED ON PSIRA,(VUKA UZENZELE WAS THE CHEAPEST BUT NOT COMPLIANT).	s36(1)(a)(v)	AO	R 48 737.35	45892
08-May	NOLTE & SMIT	LEGAL FEES	DEBTS ALREADY WITH THE ATTORNEYS	s36(1)(a)(v)	AO	R 22 653.53	42680
25-May	BYTES TECHNOLOGY GROUP SOUTH AFRICA	GENERAL MUNICIPAL BILLING-SAMRAS TRAINING 8 TO 12 JUNE 2015	THE FINANCIAL SYSTEM THAT THE MUNICIPALITY USE IS BYTES SYSTEM INTEGRATION-SAMRAS.	s36(1)(a)(v)	AO	R 9 490.50	42841
27-May	BYTES TECHNOLOGY GROUP SOUTH AFRICA	SAMRAS LEDGER REPORTS DEVELOP TIME	THE FINANCIAL SYSTEM THAT THE MUNICIPALITY USE IS BYTES SYSTEM INTEGRATION-SAMRAS.	s36(1)(a)(v)	AO	R 3 847.00	42858
23/06/2016	MEDIA 24 BPK	SUBSCRIPTION FEES FOR 12 MONTH LIBRARIES	MEDIA 24 IS THE COMPANY THAT IS SUPPLYING AFRIKAANS SPEAKING COMMUNITY WITH THE NEWSPAPERS,HENCE WE ARE PURCHASING NEWSPAPERS FROM THEIR COMPANY FOR OUR LIBRARIES ,CORPORATE SERVICES AND COMMUNICATIONS FOR THE PERIOD OF TWELVE MONTHS.	s36(1)(a)(v)	AO	R 10 421.97	46518
23/06/2016	TIMES MEDIA EC	SUBSCRIPTION FEES FOR 12 MONTH LIBRARIES	TIMES MEDIA IS THE COMPANY THAT IS SUPPLYING AFRIKAANS SPEAKING COMMUNITY WITH THE NEWSPAPERS,HENCE WE ARE PURCHASING NEWSPAPERS FROM THEIR COMPANY FOR OUR LIBRARIES ,CORPORATE SERVICES AND COMMUNICATIONS FOR THE PERIOD OF TWELVE MONTHS.	s36(1)(a)(v)	AO	34 464.00	46519

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
27/06/2016	BYTES TECHNOLOGY GROUP SOUTH AFRICA	SERVER AND INSTALLATION-PROD SQL	THE FINANCIAL SYSTEM THAT THE FINANCE DEPARTMENT USE IS SAMRAS AND THE SERVICE PROVIDER IS BYTES UNIVERSAL SYSTEM.THEY ALSO DO HAVE THE MSCOA WITHIN THE FINANCIAL SYSTEM AND THE SERVER HAVE TO BE UPGRADEDTO ACCOMMODATE THE MSCOA AS PER NATIONAL LEGISLATION.	s36(1)(a)(v)	AO	R 205 206.33	46528
CORPORATE SERVICES							
2016/04/05	B G SECURITY	ALARM SERVICES IRO M	BG SECURITY IS THE SOLE SUPPLIER OF ALARM SYSTEM	s36(1)(a)(v)	AO	R 7 765.00	45687
04-May	B G SECURITY	SECURITY SERVICES IRO VARIOUS BUILDINGS	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 7 755.00	42632
07/06/2016	BG SECURITY	ALARM SERVICES FOR JUNE @ AIRFIELD TERMINAL	BG IS THE SOLE SUPPLIER OF ALARM SYSTEM SERVICES IN BCRM AREA	s36(1)(a)(v)	AO	R 7 765.00	46427
07/06/2016	SOMERSET BUDGET	BILTONG FESTIVAL ADVERT IN COLOUR	SOMERSET BUDGET IS THE ONLY SERVICE SUPPLIER WITHIN BCRM REGION THAT CAN OFFER ADVERTIZING THROUGH ITS NEWSPAPER .THIS ADVERT IS REQUIRED FOR THE BILTONG FESTIVAL.	s36(1)(a)(v)	AO	R 11 787.60	46426
22/06/2016	SMITH TABATA INCORPORATED	LEGAL COST IN RE INVOICE	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY ,FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 3 665.16	46502
22/06/2016	CHRIS BAKER	LEGAL COST IN RE INVOICE		s36(1)(a)(v)		R 12 722.17	46507
22/06/2016	SOMERSET BUDGET	PUBLISHING OF NOTICE 30/2016	ONLY TWO QUOTATIONS WERE RECEIVED FROM DIFFERENT SERVICE PROVIDERS THE DAY BEFORE THE DATE OF THE ADVERT.	s36(1)(a)(v)	AO	R 2 178.59	46514
COMMUNITY SERVICES							

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/04/08	BG SECURITY	CIT SERVICES BESTERSHOEK	THERE IS NO FORMAL CONTRACT FOR SECURITY SERVICES WITH BG SECURITY BUT THESE SERVICES ARE NEEDED IN BESTERSHOEK TO SECURE MUNICIPAL PROPERTY.THERE IS ALSO CASH IN TRANSIT ATTACHED TO THESE SERVICES AND BG SECURITY IS THE ONLY SECURITY COMPANY DOING IT LOCALLY.	s36(1)(a)(v)	AO	R 14 060.73	45726
14-May	B G SECURITY	SECURITY SERVICES AT BESTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 17 064.09	42727
08/06/2016	ASD INTERNATIONAL	GUTTING OF GRASS AT SHOW GROUNDS	THIS IS THE ONLY SERVICE PROVIDER LOCALLY WITH AVAILABLE EQUIPMENT & REGISTERED ON OUR DATABASE.	s36(1)(a)(v)	AO	R 9 576.00	46428
MUNICIPAL MANAGER							
05-May	MBHALENTLE CATERING	COULD NOT GET 3 QUOTATIONS AS PER ATTACHED MEMO	COULD NOT GET 3 QUOTATIONS AS PER ATTACHED MEMO	s36(1)(a)(v)	AO	R 2 250.00	42637
08/06/2016	MIRO DISTRIBUTION	ROUTEBOARD,SXT LITE	MIRO IS THE ONLY SUPPLIER THAT HAS THE NEEDED STOCK AND THAT CAN SUPPLY AT THE MOMENT.THE INTERNET ROUTER IS REQUIRES FOR THE TELEPHONE LINE AT THE BILTONG FESTIVAL GROUNDS.	s36(1)(a)(v)	AAO	R 8 548.20	46431
09/06/2016	SABC	BILTONG FESTIVAL ADVERTS ON SABC RADIO STATIONS	SERVICE ONLY PROVIDED BY SABC TO COVER NATIONAL AUDIENCE TO MARKET THE BILTONG FESTIVAL.	s36(1)(a)(v)	AO	R 53 317.80	46439
27/06/2016	BYTES TECHNOLOGY GROUP SOUTH AFRICA	SERVER AND INSTALLATION-PROD	THE FINANCIAL SYSTEM THAT THE FINANCE DEPARTMENT USE IS SAMRAS AND THE SERVICE PROVIDER IS BYTES UNIVERSAL SYSTEM.THEY ALSO DO HAVE THE MSCOA WITHIN THE FINANCIAL SYSTEM AND THE SERVER HAVE TO BE UPGRADEDTO ACCOMMODATE THE MSCOA AS PER NATIONAL LEGISLATION.	s36(1)(a)(v)	AO	R 205 206.33	46528

BLUE CRANE ROUTE MUNICIPALITY (102 EC)

ANNUAL PERFORMANCE REPORT 2015/2016 FINANCIAL YEAR

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Introduction

In May 2014 BCRM adopted its 4th IDP Review, subsequent to that SDBIP was developed and approved by the Mayor as per circular 13. The report seeks to give an overview of the BCRM performance during the 2015/2016 financial year.

Legislative Requirements

As per section 40 of the Municipal Systems Act of 2000 (MSA), a Municipality must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organizational, departmental and employee level.

Section 41 of the MSA requires a Municipality to set appropriate KPI's as a yardstick for measuring performance as well as measurable performance targets, with regard to each of the Municipality's development priorities and objectives as set out in the IDP. With regard to these KPI's and targets, S41 (1) (c) requires that the Municipality monitor performance and that it measures and reviews this performance at least annually.

Section 46 of the Municipal Systems Act (MSA) requires the Municipality to prepare a performance report for each financial year reflecting the performance of the service providers during the that financial year, comparison of the performances with set targets for and the performances of the previous financial year and measures taken to improve performance .The Act further requires that the report form part of the Municipality's annual report, in terms of Chapter 12 of the Municipal Finance Management Act (MFMA).

Comparison of BCRM's current performance with previous 2 financial year's performance:

DEPARTMENTAL PERFORMANCE RESULTS OVER 3 YEARS BASED ON SDBIP TARGETS			
FINANCIAL YEAR	**2013/2014**	**2014/2015**	**2015/2016**
OVERALL PERFORMANCE	**68%**	**79 %**	**83%**
Municipal Transformation and Institutional Development **(Corporate Services)**	56%	77%	59%
Service Delivery and Infrastructure Development **(Technical services)**	75%	67%	77%
Service Delivery and Infrastructure Development **(Community Services)**	75%	53%	96%
Municipal Finance Viability **(Financial Services)**	64%	87%	86%
Good Governance and Public Participation **(Office of the Municipal Manager)**	85%	100%	92%

Organisational performance as per the SDBIP 2015/2016

Departments	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual
Municipal Transformation and Institutional Development **(Corporate Services)**	44	61	64	66	59
Service Delivery and Infrastructure Development **(Technical services)**	89	69	74	76	77
Service Delivery and Infrastructure Development **(Community Services)**	100	96	95	92	96
Municipal Finance Viability **(Financial Services)**	75	88	82	81	86
Good Governance and Public Participation **(Office of the Municipal Manager)**	100	89	87	90	92

Comments by the Municipal Manager

According to section 54 of the MFMA the Mayor must; on receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget. The necessary changes have been made in both performance indicators and performance targets

LED targets have not been reported on and implemented due to the disestablishment of the development agency and non-existence of the unit within the municipality. Cacadu Development Agency (CDA) is responsible for all the micro projects implemented within the municipal area. The municipality will therefore establish the LED unit in the next financial year.

Based on the above, the performance of LED is not included in the Annual Performance Report. The Municipality is in the processes of establishing the LED unit within the Office of the Municipality. The proposed structure has been included in the approved organisational structure. The projects will then continue upon establishing the structure.

The following has been attached as annexures:

- **Detailed 2015/2016 Performance results presented per department is attached as annexure A**
- **List of all removed and refined indicators annexure B**
- **Performance of the Service Providers attached as Annexure C**

Signed by:

Mr T Klaas

Municipal Manager

Cllr B. Manxoweni

Mayor /Speaker

Performance per the KPA (Department)

MUNICIPAL INSTITUTIONAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Legal Service	To ensure that the municipality execute its legal mandate by 2017	By reporting to council on the status of all pending legal cases	No of reports on the status of all pending legal cases	0	Submit report on the status of all pending legal cases.	Target met, the report was generated and submitted to council.	n/a	Submit report on the status of all pending legal cases.	Target met - Report on the status of all pending legal cases was submitted to the council meeting on the 10th December 2015. The council resolution will be made available as soon as committee clerks return from leave	n/a	Submit report on the statu of all pending legal cases
Council Oversight	Strengthening of oversight responsibilities by 2017	By capacitating Council Members on adherance to Rules of Order System of Delegations and Roles and Responsibilities	Number of Capacity building initiatives conducted	0	1. Circulate Skills Audit Questionnaire 2. Embark on SCM process	Target not met, The municipality has approached SALGA to conduct the training. The skills audit will be conducted by SALGA as well as the development of the questionnaire.	Through SALGA HR working group, it was brought to the municipality's attention that SALGA assists municipalities in the programme of capacitating councillors. The programme will be carried forward by SALGA in the 3rd quarter	a) Collect Skills Audit Questionnaire b) Finalise SCM process and appoint service provider	Target not met -- We were advised that SALGA offer assistance with regards to provision of Councillor Capacitation Programs and had since submitted request to Mr Ngozangena of SALGA offices to facilitate this program on our behalf (see letter dated 30/09/2015)	Although it is a statutory requirement to capacitate councillors on the Rules of Order and Delegation we realized it will not make relevant financial sense to do so in the last months of their political period. Having been advised that SALGA is facilitating the councillor capacitation program we realized that it will be proper to consider this option. The project will not be conducted through an open tender process as we have approached SALGA to conduct this training on our behalf. The training will be conducted in February 2016 and the facilitator will conduct skills audit questionnaires	n/a
Human Resources Management	To ensure creation and maintenance of a harmonious and conducive work environment by 2017	By promoting sound labour relations	Number of sessions conducted for promoting organisational code of conduct	0	Conduct 1 session	Target not met and no implementation was done	The Labour Relations Officer could not secure dates with respective departments due to congested program. The program to be undertaken in the 2nd quarter of 2016 financial year.	Conduct 1 session	Target met - Two sessions instead of one were conducted on organizational code of conduct during this period.	n/a	Conduct 1 session
			Number of departments signing organisational code of conduct quarterly	28 employees	All employees in Corporate services Department signing code of conduct	Target not met and no implementation was done	The Labour Relations Officer could not secure dates with respective departments due to congested program. The program to be undertaken in the 2nd quarter of 2016 financial year	All employees in MM's Office, Finance and Community Services Department signing code of conduct	Target not met - Corporate Services and Community Services employees signed the code of conduct	Reasons for deviation and corrective measure not provided	All employees in Technica Services Department sign Code of Conduct
			Number of capacity building initiatives for managers, supervisors and union representatives on disciplinary procedures	1 session	n/a	n/a	n/a	Engage and Conclude with potential service providers for capacitation of Managers, Supervisors and Union Representatives on disciplinary procedures	Target met - Engagements took place with SALGA who will conduct the capacity building program for the municipality. Engagements took place in November and implementation will take place in February 2016	n/a	Implement capacity buildi initiative for Managers, Supervisors and Union Re on Disciplinary Procedure
		By developing job description for employees for submission to Job Evaluation Unit	No of JD's developed	0	Appoint service provider to conduct the development of Job Descriptions for employees for submission to JE Unit	Target not met and no implementation was done	Service Provider will be confirmed as soon as the organogram review process is completed. To be embarked upon in the third quarter of the current financial year. Organogram review is the necessary step to develop job description and as soon as this process is completed the Job Description formulation process will be started.	Development of Job Descriptions	Target met -Progress report on the implementation of JD was circulated in December and depts were requested to nominate officials to serve in the committee by the 15th Jan 2016. Implementation to start in February	n/a	Development of Job Descriptions
		By filling all vacant and budgeted posts per Employment Equity Plan	No of vacant and budgeted posts filled	10	n/a	n/a	n/a	n/a	n/a	n/a	Fill 5 vacant posts
		By implementing WSP	Number of employees trained per Workplace Skills Plan	50 employees trained	Train 10 employees	Target met ,55 employees were trained	n/a	Train 10 employees	Target met -13 beneficiaries trained in the 2nd quarter	n/a	Train 20 employees
		By implementing Integrated Employee Wellness Program	Number of Employee Wellness Program implemented	2 employee wellness programme implemented	n/a	n/a	n/a	n/a	n/a	n/a	Implement 1 Financial Employee Wellness Progr
Organizational Health and Safety	To ensure an improved and institutionalised Occupational Health and safety by 2017	By implementing Occupational Health and Safety policy implemented	Institutionalised OHS	0	n/a	n/a	n/a	Facilitate the appointment of OHS officer	Target met- Appointment of OHS facilitated and will commence duty from the beginning of February 2016	n/a	Establish Health and Safe Committee

Archives and Records Management	To ensure efficient effective and compliant safeguarding of municipal records by 2017	By developing Integrated Record Management System and archiving services	Developed Integrated Record Management strategy	9	n/a	n/a	n/a	Refinement and alignmnet of the Draft Intergrated Record Management Strategy	Target met - Refinement and alignment of Draft Integrated Records Management Strategy commenced in December 2015. Over and above that the refinement of the Records Management Policy also commenced	n/a	1 Consultation with inter stakeholders 2. Submit to Council for approval
Municipal facilities	To ensure efficient effective and compliant municipal facilities by 2017 and beyond	By developing policy on the maintenance of municipal facilities	Maintenance policy developed	9	n/a	n/a		1.Develop draft Maintenance policy 2. Consultation with internal stakeholders	Target not met - Draft Maintenance Policy developed and consultation with internal stakeholders commenced in December 2015	Reasons for deviation and corrective measure not provided	N/a
Human Settlement	To facilitate provision of quality and decent human settlements to communities of BCRM commensurate with economic development by	By facilitating provision of housing development initiative as per Housing Sector Plan	No of housing development initiatives facilitated	3 housing development initiatives	Develop Implementation Plan	Target met ,the implementation plan was developed		Facilitate stakeholder engagement session for 1 Acquisition of Land for Human Settlement 2.Provision of Bulk infrastructure	Target met - Facilitated engagement sessions with Masizame Trust, Department of Human Settlements and the Office of The Premier on the acquisition of Masizame Land. Over and above that assisted Masizame Trust with management of internal consultation process.	n/a	Facilitate updating of hou needs register and the distribution of title deeds
Ward Committee Functionality	To ensure the effectiveness and efficiency of Ward Committee Structures	By facilitating capacitation of ward committee structures	No of capacitation facilitated	6	Conduct Audit of Ward Committee Functionality	Target not met and no implementation was done	The congested Council program could not accommodate the capacitation of Ward Committees as the Municipality embarked on IDP Public Participation. The project to be started in the 2nd Quarter of 2016 financial year	Facilitate 1 capacity building initiative per annum	Target met - Capacity building initiative was conducted on the 23rd December 2015	n/a	Facilitate capacity buildin initiative per annum
Administration	To ensure standardized departmental operation by 2017	By developing operational procedure manuals	Developed operating procedure manual	9	Conduct analysis of departmental operations	Target met departmental analysis was conducted	n/a	Develop draft HR procedure Manual	Target met - Draft HR procedure manual developed	n/a	Develop draft procedure manual

ANNUAL PERFORMANCE REPORT :SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (TECHNICAL SERVICES)

Water and Sanitation	To ensure efficient, economical and quality provision of water and sewer Services by 2017 and beyond	By upgrading waste water treatment works in Somerset East, Cookhouse and Pearston (WWTW).	Completion of Phase 1 of SE WWTW	1.Consultant appointed 2. Contractor appointed. 3. Contractual construction items completed	Backup generator installation	Target Met. The back-up generator was installed.	n/a	1.Commencement of an O&M training and completion of the works 2. Start of the 28 day period for effluent compliance	1. Target Not Met. Training has not yet started as the contract indicates that it should be done a month after the project has been completed. It will commence in February 2016. The 28 day period was done and completed. The WWTW was commissioned and operated by the Contractor in October 2015. The 28 day trial operation period was run during October. This trial period The trial operation period is 4 months including the 28 day and the actual training of 3 months. This will be affected by the Contractor shut down period of mid-December 2015 to mid-January 2016.	n/a	1 Continuation of the 28 period for effluent compli
			No of business plans developed to source funds for upgrading waste water treatment	1. Consultant appointed, Design drawings done and EIA conducted for Cookhouse	n/a	n/a	n/a	n/a	n/a	n/a	2 Developed Business Pl (BP)submitted to DWS f for Cookhouse and one f Pearston)
		By augmenting Community Water supply in Pearston	Progress on the refurbished existing boreholes	1 Principal Agent/ Consultant appointed	n/a	n/a	n/a	Advertising for a pump testing contractor	Target Met. Advertising was done and the contractor was appointed.	n/a	Refurbish 1 existing boreholes
			No of boreholes sighted for drilling. Drilling of 3 boreholes and equipping of 2 boreholes and connect them to the reservoirs. Construction of pump house	1 Principal Agent/ Consultant appointed	Advertising for a specialist (Geohydrologist) consultant and appointment thereof	Target met. The Advert for a specialized consultant was done	n/a	No of boreholes sighted	Target met - Eight boreholes were drilled of which four were further developed.	n/a	1 Invitation to contrac to submit offers 2. Drill of 3 boreholes 3 Equipping of 2 borel 4. Connection of 2 boreholes to reservoir 2 Drilling of 3
Job Creation - EPWP and CWP	To strive for reduction on household poverty by 2017 and beyond	By creating jobs through CWP	No of jobs created through CWP	400 CWP	40	Target met. The total number of jobs created is 475 by end Sept (200 jobs created end Sept and it was275 by end June)		40	Target met. The total number of jobs created is 475 by end Oct.(List of 180 names since July 2015)	n/a	n/a
			No of jobs created through EPWP	161 work opportunities	20	Target met. The number of jobs created is 86	n/a	20	Target met. The number of jobs created was 61 (all these appointments were done in the 1st quarter)	n/a	20

		By strengthening functional EPWP steering committee	no of session held	Terms of Reference	1 session	Target not met-The session took place but the members were not comfortable as there was no political chairperson to spear head the meeting A memo will be written to MM and Mayor for the official appointment of the Chairperson of the committee as it was suggested by new EPWP guidelines	The session took place but the members were not comfortable as there was no political chairperson to spear head the meeting A memo will be written to MM and Mayor for the official appointment of the Chairperson of the committee as it was suggested by new EPWP guidelines	1 Session	Target not met.The steering committee did not sit as there was no political head appointed to champion the meeting	The session could not take place there was no appointed political chairperson for the committee. Appointment letters will be issued to the relevant officials and a councilor to be part of the committee by end January 2016.	1 session
Electricity supply	To ensure uninterrupted electricity supply by 2017 and reduction of Electricity losses	By installation of street light metering and lighting switch gear	Work completed per quarter as per metering project schedule	Lights that are not metered	Street lights that are well controlled and metered per quarter	Target met -street lights were controlled and metered	n/a	Street lights that are controlled and metered per quarter	Target Met. The work was done in Q1 where it was over achieved on the set targets.	n/a	Streetlights that are well controlled and metered pe quarter
		By reducing energy losses from 24% to 22% in 2015/16	% reduced in energy losses	24% losses	Reduced by 0.5%	Target not met,losses increased 0.41%	n/a	Reduce by 0.5%	Target not Met. Losses increased by 13.98%	Did not meet the target as a result of inductive load used during irrigation by farmers where don't have control over The department will install reactive capacitors which will act against any losses.	Reduced by 0.5%
		By reducing electrical outages in the rural network	% reduced in electrical outages in the rural network	Current Outages	Reduced electrical outages in the rural network by 5.2%	Target met,electrical outages in the rural network were reduced	n/a	Reduced electrical outages in the rural network by 5.2%	Target not Met. The target is based on 80 faults logged and intend to reduce it by 5.2% where in Q2 we only achieved 3.8% i.e. 42 faults logged.	There were many rainfalls which caused the faults i.e ingress of water to insulators. Corrective measure is to replace old insulators in the rural lines.	Reduced electrical outage the rural network by 5.2%
Social Facilities	To ensure that communities have access to well established social amenities by 2017 and beyond	By upgrading Sports facilities and parks	no of sports facilities upgraded (Pearston and Cookhouse)	0	Advertise for a contractor for Pearston and Cookhouse	Target met. The advert of the sports field was out on tender.	n/a	Appointment of a service provider for Pearston and Cookhouse	Target not met. The Specification committee sat, Evaluation committee sat and the adjudication com sat. The service provider could not be appointed as a result of SCM processes (Point system where all the tenderers could not meet the criteria)	To review the specification and re-advertise the contract by mid-January 2016 and the SCM processes to follow suit. Then the appointment and the commencement of the project will start as soon as these processes are finalised.	Appointment of service Provider for Pearston and Cookhouse
Water Resource Management	To ensure improved drinking water quality and sustainable water resources by 2017 and beyond	By developing water safety plan	Approved credible Water safety plan	0	n/a	n/a	n/a	n/a	n/a	n/a	Feasibility Study
		By Develop water resource maintenance plan and be adopted by council	Developed water resource maintenance plan	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Roads and storm water	To ensure efficient, economical and quality and sustainable roads and storm water infrastructure by 2018 and beyond	By sourcing funds to develop roads and storm water maintenance plan	Number of business plans developed	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		By constructing 2km of roads to Aeroville Cemetery	Appointment of a service provider for design of 0.5 km of road leading to the to Aeroville Cemetery	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ANNUAL PERFORMANCE REPORT SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (COMMUNITY SERVICES)											
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Solid Waste Management	To ensure a well maintained clean and healthy environment by 2017 and beyond	By conducting awareness campaigns on waste management	No of awareness campaigns conducted	5 Campaigns done	Conduct one(1) awareness campaigns & submit programme report to Community Services Portfolio Committee	Target met ,2 campaigns were conducted and programme submitted to Community Service standing Committee	n/a	Conduct One (1) awareness campaign & submit programme report to Community Services Portfolio Committee	Target met -2 awareness campaigns were conducted	n/a	Conduct one(1) awarene campaigns & submit programme report to Community Services Portfolio Committee
		By conducting recycling programmes	No recycling programmes conducted	Recycling site currently leased to a private operator	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social Amenities	To ensure well maintained social amenities in BCRM by 2017 and beyond	By establishing Aeroville cemetery	Authorized cemetery land fenced	Current Aeroville cemetery, ROD on new cemetery	n/a	n/a	n/a	Apply for extesion of Records of decision (ROD) from DEDEAT	Target met-Application for extention was done	n/a	N/a

Environmental Health Issue	To ensure healthy environment to improve human health by 2017 and beyond	By implementing intervention measures to rectify the conditions arising from unhealthy human environment	Number of health and hygiene education campaigns conducted	0	One (1) health and hygiene education program	Target met - One (1) health and hygiene education program was conducted	n/a	One (1) health and hygiene education program	Target met - Seven (7) campaigns were conducted	n/a	Conduct One (1) health a hygiene program
			Number of inspections in general food-handling premises (compliance with Regulation R962 of 2013)	100 inspections done in general food-handling premises	40 inspections done in general food-handling premises	Target met – 40 inspections were done in general food premises	n/a	40 inspections done in general food-handling premises	Target met - 40 premises inspected and 8 hawkers' facilities inspected	n/a	40 inspections done in general food-handling premises
			Number of inspections at child care facilities	3 inspections done	Four (4) inspections done in child-care facilities	Target met – 4 inspections were done in child care facilities	n/a	Four (4) inspections done in child-care facilities	Target met- Seven (7) inspections done	n/a	8 inspections done in chil care facilities
			Number of inspections in butcheries (compliance with Regulation R962 of 2013)	6 inspections done	Three (3) inspections done in butcheries	Target met – 3 inspections were done in butcheries	n/a	Three (3) inspections done in butcheries	Target met- Four (4) inspections done	n/a	3 inspections done in butcheries
			Number of inspections in restaurants (compliance with Regulation R962 of 2013)	Ten (10) inspections done	Ten (10) inspections done in restaurants	Target met – 10 inspections were done in restaurants	n/a	Ten (10) inspections done in restaurants	Target met- Eleven (11) inspections done	n/a	10 inspections done in restaurants
			Number of water samples taken for bacteriological	168 samples	42 water samples taken	Target met,54 samples were taken	n/a	42 water samples taken	Target met- 57 samples were taken	n/a	42 water samples taken
Traffic Services	To ensure ,that all roads users comply with the roads and traffic laws by 2017 and beyond	By conducting law enforcement programmes	no of law enforcement/traffic education programmes conducted	0	n/a	n/a	n/a	Conduct 1 school leavers' programme in 1 school in 1 ward	Target met- 2 progammes done in Ward 2 and 3	n/a	Conduct 1 school leavers' programme in 1 school in ward
			Number of roadblocks conducted at strategic areas	0	n/a	n/a	n/a	Conduct 1 roadblock at a strategic area	Target met- 1 Roadblock done in Somerset East	n/a	Conduct 1 roadblock at a strategic area
Commonage and Pound	To ensure that animals are kept away from public roads and private properties to ensure safety of road users and private properties by 2017 and beyond	By constructing pounds	Number of pounds constructed	Commonage and Pound Unit	Drawing of a construction plan for the pound in Somerset east	Target met ,plan has been drawn for the Somerset East pound	n/a	Appointment of service provider	Target not met	Technical services who were earmarked to construct the facility were still involved in the renovation of the Traffic Services building. This approach of internal construction was regarded as more cost-effective	Construction of a pound i Somerset east
		By conducting fire prevention awareness programmes to schools and communities.	No. of fire prevention awareness programmes conducted	0	Conduct 1 fire awareness program	Target met ,3 fire awareness programmes were done	n/a	Conduct 1 fire awareness program	Target met - 2 fire awareness programmes were done	n/a	Conduct 1 fire awreness programme
Library Services	To promote a culture of learning amongst the communities of BCRM by 2017 and beyond	By conducting library awareness campaigns amongst the communities to promote culture of learning	Number of awareness campaigns conducted	0	One library awareness campaign	Target met, one library awareness campaign was conducted.	n/a	One (1) library awareness campaign	Target met- 1 library awareness campaign was conducted	n/a	One library awareness campaign
MUNICIPAL FINANCIAL VIABILITY											
Asset Management Control	To ensure compliant and effective Asset and Fleet Management by 2017	By maintain a GRAP compliant Asset Register	Updated and credible Asset Register	Asset Register not fully GRAP compliant	Submit an updated credible Asset Register to the Auditor General by 31 August	Target met –AFS with Asset Register were submitted to AG by the 31 August 2015	n/a	1. Asset verification 2. Asset Reconciliation	1. Target Achieved – verification done as per attached report 2. Target Achieved – Asset reconciliation attached for period to date	n/a	1. Asset verification 2. Asset Reconciliation
Revenue enhancement	To improve the municipality's revenue base to 80% by 2017	By implementing Revenue Enhancement Strategy	Total municipal own revenue as a % of the total actual budget	65%	1.Improve cumulative annual revenue base to 67.5% 2.Table previous quarters report to Finance Committee	Target not met - 1 66.00% of revenue was achieved from the baseline of 65% 2. The previous quarters report was tabled to Finance Committee	The target could not be met because the municipality received high (38%) percentage of government grant during July which reduced the municipality's own revenue. The revenue enhancement strategies are being implemented and the percentage will increase in the 2nd quarter	1. Improve cummulative annual revenue base to 70% 2. Table previous quarter's report to Finance Committee	1. Target met - 70% achieved 2. Report tabled to Finance Committee 01 December 2015	n/a	1. Improve cumulative annual revenue base to 72.5% 2. Table previous quart report to Finance Commit
Supply Chain Management	To ensure effective, efficient, economical and compliant with SCM processes by 2017	By monitoring compliance with relevant SCM legislation	Number of SCM reports submitted to Council	reports submitted to Council in 2014/15	1 SCM report to Council per quarter	Target met ,the report was submitted to council	n/a	1 SCM report to Council per quarter	Target Met – SCM Report monitoring SCM compliance submitted to Council on 30 October 2015	n/a	1 SCM report to Council p quarter
		By convening meetings for Bid Committees	Number of meetings convened for Bid Committees	Meetings convened in 2014/15	Convene 3 meetings for the quarter per Bid Committee	Target met ,3 meetings Bid Committee Meetings were held	n/a	Convene 3 meetings for the Quarter per Bid Committee	Target Achieved: convened 3 BSC meetings, 3 BEC meetings, & 5 BAC meetings	n/a	Convene 3 meetings for t Quarter per Bid Commit

		By identifying and reporting on unauthorized, irregular fruitless and wasteful expenditure	Number of reports submitted to council reflecting unauthorized irregular; fruitless & wasteful Expenditure	Reports submitted to Council in 2014/15	1 quarterly report to Council reflecting unauthorized irregular fruitless & wasteful expenditure	Target not met –no reports were submitted	The unauthorized irregular , fruitless & wasteful expenditure report was only finalized in august and included in the AFS but not submitted separately to Council .The report will be submitted in the next council meeting 29 October 2015.	1 quarterly report to Council reflecting Unauthorised Irregular Fruitless & Wasteful Expenditure	Target Met – SCM Report with UIF&W submitted to Council on 30 October 2015	n/a	1 quarterly report to Cour reflecting UIF&W
Financial Control	To ensure effective implementation of internal controls by 2017	By developing procedure manuals	No. of procedure manuals developed and approved by Council	4 developed procedure manuals in 2014/15	n/a	n/a	n/a	1.Develop 5 procedure manuals 2.Submit 5 procedure manuals to council for approval	1. Target Met – 6 Procedure manual developed 2. Target Met – 6 Procedure manuals approved by Council on 10 Dec 2015	n/a	Develop 5 procedure manuals
Operation Clean Audit	To achieve un qualified Audit Opinion without matters By 2017	By improving internal controls and processes	No of audit action plan reports indicating number previous issues resolved submitted to AC & MPAC	qualified audit opinion in 2013/14	Table 1 quarterly implementation of 2013/14 Audit Action plan report to Audit Committee & MPAC indicating resolved previous issues	Target met –quarterly implementation report indicating resolved previous issues of Audit Action plan was tabled to Committee & MPAC Audit	n/a	Table 1 quarterly implementation of 2013/14 Audit Action plan report to Audit Committee & MPAC indicating resolved previous issues	1 Target Met – Audit Action Plan tabled to MPAC on 18 Dec 2015. 2.Tabled to Audit Committee on 13 Nov 2015	n/a	Table 1 quarterly implementation of 2014/1 Audit Action plan report to Audit Committee & MPAC indicating resolved previo issues
Indigent Management	To ensure communities have access to free basic services	By convening Indigent steering committee meetings	No. of Indigent Steering Committee Meetings convened	Indigent Steering Committee meetings convened	Convene 1 Indigent Steering Committee meetings for the Quarter	Target met – Indigent Steering Committee meeting was convened.	n/a	Convene 1 Indigent Steering Committee meetings for the Quarter	Target Achieved - 1 ISC meeting convened on 18 December 2015	n/a	Convene 1 Indigent Steer Committee meetings for t Quarter
		By updating the Indigent Register to capture qualifying beneficiaries	Updated Indigent Register	Indigent register updated in 2014/15	n/a	n/a	n/a	n/a	n/a	n/a	Convene 1 Indigent Steer Committee meeting for th Quarter
		By conducting Quarterly Outreach Meetings	No. of quarterly indigent outreach meetings convened	0	To conduct 1 Indigent Outreach Meetings for the quarter	Target met - Indigent Outreach Meeting was convened in ward 4.	n/a	To conduct 1 Indigent Outreach Meetings for the quarter	Target achieved – 1 meeting convened in Ward 5	n/a	Conduct Field work in all wards to capture new applications
ANNUAL PERFORMANCE REPORT - GOOD GOVERNANCE AND PUBLIC PARTICIPATION											
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Record Management	To ensure efficient, effective and compliant safeguarding of municipal records by 2017 and beyond	By developing and implementing a Record Performance Information Standard Operating Procedure manual	Developed Record performance Information Standard Operating Procedure Manual with Annexures	0	Developed Record performance Information Standard Operating Procedure Manual	Target met - Record performance Information Standard Operating Procedure Manual	n/a	Conduct workshop for Council and Officials and submit Record performance Information Standard Operating Procedure Manual to Council for approval	Target met –the workshop was held, however the meeting did not collate as most councillors where not available and the document was circulated to management for inputs and adopted by Council	n/a	n/a
Internal Controls	To ensure effective Audit function and an Improved compliance and clean administration 2017	By monitoring implementation of audit action plan (internal and external audit recommendations	No of report on progress against Audit outcome improvement and action plan submitted quarterly to Audit Committee	4 progress report and the 2014/15 Action Plan	Quarter 4 progress report on 2014/15 Audit Action Plan submitted to AC by 30 August 2015	Target met –quarter 4 progress report submitted to AC by 30 August 2015	n/a	Status quo on 2014/15 action plan and New 2015/16 Audit outcome Improvement Action Plan submitted to Audit Committee by 29 January 2016	Target met –the status qou report for 2014/2015 Audit Action Plan was submitted to the audit committee 13 Nov 2015. Draft Audit Action Plan has been developed and will be workshopped during the 3rd quarter	n/a	First quarterly progres report against 2015/16 ac Plan submitted to AC
		By convening Quarterly Audit Committee meetings	No of audit committee meetings held quarterly	4 AC meeting held 2014/15	1 audit committee meeting held by 31 August 2015	Target met – Audit Committee meeting was held	n/a	1 audit committee meeting held by 29 January 2016	Target met – Audit Committee meeting for the quarter was held on 13 November 2015	n/a	1 audit committee meet held by
Fraud and Anti-Corruption	To ensure effective implementation of the Fraud and Anti-corruption Policy by 2017	By reviewing and institutionalization of the Fraud and Anti-corruption policy	Reviewed Fraud and Anti-corruption policy and prevention plan submitted to council for approval	2014/15 Fraud and Anti-corruption policy and Prevention Plan	n/a	n/a	n/a	n/a	n/a	n/a	Review Fraud and Anti-corruption policy and Plan have draft.
			Number of workshops on fraud and anti-corruption held to educate employees	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Planning and Performance management	To ensure development of a credible Integrated Development Planning (IDP) ,implementation monitoring, reporting and evaluation in order to inculcate and maintain an institutional performance driven culture by 2017	By improving quality of IDP in line with prescribed processes and guidelines – with full participation of municipal administration and ownership by political champion, IGR partners and communities	Compliant and credible 2016/17 IDP submitted to Council for approval	Approved IDP 2015/16	1 IDP Rep Forum Meeting. 2. Submit Draft IDP process Plan to Council for adoption. 3. Advertise for public comments	Target met –IDP Rep Forum was held ,Draft IDP Process Plan submitted to council for adoption and advertised for comments	n/a	1.Conduct environmental scan situational assessment2. Rep Forum meeting	Target met –Environmental scan was done through ward based planning and the report was presented in the rep forum	n/a	1 Conduct Strategic Plan Session, 2 IDP Rep Forum Meeting. 3.Submit Draft IDP for approval, 4 Submit approved Draft to PPT,LGTA,AG and SBDI Advertise Draft IDP
		By implementing service Delivery & Budget implementation Plan aligned to the IDP and Budget	Annual report submitted to Council for adoption	13/14 Annual report	Annual report compilation and submit to AG and PT/NT	Target met – Annual Report compiled and submitted to AG and PT/NT	n/a	Annual report compilation	Target met -Annual report was compiled	n/a	1.Submit draft Annual Re to council, 2.Advertise approved report, 3.Cond Annual report Public hearings , 4 Submit the report to PPT,LGTA,AG SBDM

		By conducting departmental performance reviews quarterly	no of performance reviews conducted and reviewed by Internal Audit	4 performance reports	Conduct an institutional performance assessment for the 4th quarter 2014/15	Target met –institutional performance assessment was conducted for the 4th quarter	n/a	Conduct an institutional performance review for the 1st quarter 2015/16	Target met –performance reviews for 1st quarter were conducted	n/a	Conduct an institutional performance review for th 2nd quarter 2015/16
Public Participation	Ensure effective, efficient and compliant public participation by 2016 and beyond	By reviewing public participation strategy	Reviewed public participation strategy	Public participation strategy reviewed and submitted to Council for adoption	n/a	n/a	n/a	n/a	n/a	n/a	Review Public participatio strategy
		By implementing the public participation strategy	Number Public participation Imbizo /workshop convened per quarter	0	Conduct 1 public participation session	Target met –public participation session was held for all ward (6)	n/a	Conduct 1 public participation session	Target met ,the meeting was held	n/a	Conduct 1 public participa session
			Number of Reports on initiatives implemented by Gov Depts. within BCRM submitted to Council	0	Submit 1 report on initiatives implemented by Gov Dept. to Council	Target met – The reports were generated and submitted to council	n/a	Submit 1 report on initiatives implemented by Gov Dept to Council	Target met, 6 reports were submitted to Council	n/a	n/a
		By strengthening inter-governmental relations	Reviewed IGR Terms of Reference	TOR approved by council	n/a	n/a	n/a	Review TOR and submit to Council for Approval	Target met ,TOR's developed	n/a	n/a
			Number of IGR meetings convened	IGR Structure	convene1 IGR meeting per quarter	Target met – IGR Meeting was held with IDP Rep forum	n/a	Convene 1 IGR meeting per quarter	Target met – IGR Meeting convened.	n/a	Convene 1 IGR meeting quarter
Information and Communication Technology	To ensure a reliable, efficient and effective ICT function by 2017 and beyond	By reviewing ICT policies annually	Number of ICT policies reviewed and submitted for approval	7 IT Policies	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		By developing and implementing IT Security measures	No of reports submitted to ICT Steering Committee on the implementation of IT security measures	0	Submit 1 report to ICT Steering Committee on the implementation of IT security measures per quarter	Target met – 1 report was submitted to ICT Steering Committee on the implementation of IT security measures	n/a	Submit 1 report to ICT Steering Committee on the implementation of IT security measures per quarter	Target not met.The report was generated but the meeting did not sit	n/a	Submit 1 report to ICT Steering Committee on th implementation of IT secu measures per quarter
		By ensuring functionality of ICT Steering Committee	No of ICT steering committee meetings held quarterly	ICT Steering Committee approved TOR's	Convene 1 ICT Steering Committee meeting per quarter	Target met 1 ICT Steering Committee meeting was convened	n/a	Convene 1 ICT Steering Committee meeting per quarter	Target not met –The meeting was scheduled for 30 Nov 2015 and invitations were sent out to the members however the meeting did not sit due unavailability of the members. The next meeting is rescheduled by end January	Target not met –The meeting was scheduled for 30 Nov 2015 and invitations were sent out to the members however the meeting did not sit due unavailability of the members. The next meeting is rescheduled by end January	Convene 1 ICT Steering Committee meeting per quarter
		By developing an ICT Strategy	Developed ICT Strategy and submitted to council for approval	0	Develop terms of reference for the ICT Strategy by	Target met – TOR's were developed for ICT Strategy	n/a	Procurement for the ICT Strategy tender ensued and appointment by	Target not met – The terms of reference were submitted to supply chain and letter requesting the use of section 32 of supply chain management regulations was sent to Camdeboo Municipality.	The terms of reference were submitted to supply chain and letter requesting the use of section 32 of supply chain management regulations was sent to Camdeboo Municipality	n/a
IT Communication and Connectivity	To ensure a reliable efficient and effective ICT systems for communication by 2017 and beyond	By upgrading current servers, network connectivity and telephone system	Progress on upgrade IT infrastructure	0	Upgrade PABX for telephone system and connect all offices	Target met PABX for telephone system was upgraded and offices were connected	n/a	Install wireless connectivity for the offices that are not connected to the current VPN network	Target met –wireless connectivity installed	n/a	Develop terms of referen for tender processes of th Data center phase 1

LIST OF REMOVED AND AMENDED KEY PERFOMANCE INDICATORS

CORPORATE SERVICES DEPARTMENT		
KPI	INDICATOR	MOTIVATION FOR CHANGE OF KPI INDICATOR
2	Number of capacity building initiatives conducted	The capacitation program was going to be conducted in partnership with SALGA. The program was scheduled for the fourth quarter of the financial and SALGA noticed that it will not make logical sense to train councillors whose term of office will be ending at the end of the financial year. We have since resolved to cancel the training scheduled to take place in the fourth of the financial year instead to be undertaken in the first quarter of the next financial year when new councillors had been appointed
TECHNICAL SERVICES DEPARTMENT		
KPI NO	INDICATOR	MOTIVATION FOR CHANGE OF KPI TARGETS
16	Completion of Phase 1 of SE WWTW	1. Q3 - the 28 day period commenced in Q2 but could not be completed due to the quality of the effluent not meeting the required standards yet. Hence it has overlapped to Q3. 2. Q4 - the deliverable target for Q3 moved to Q4 (completion of O&M training)
19	No. of boreholes sighted for drilling	1.The indicator only indicated the sighting of boreholes because the number of boreholes to be drilled are only exposed after the sighting has been completed. Therefore, the indicator has been updated to add the drilling, equipping and connection of the boreholes to the reservoirs and construction of pump house. 2. Q3 - deliverable targets have been added to indicate the drilling, equipping and connection of the boreholes to the reservoirs. 3. Q4 - deliverable target has been added to indicate the construction of pump house.
21	No. of jobs created through CWP	1.CWP has been removed from the Technical Services Directorate because Technical Services has no power and control over the planning and implementation of CWP. 2. Q3 & Q4 - The target for Q4 has been moved to add on Q3 target because no employment will be made in Q4.
26	Number of sports fields upgraded (Pearston and Cookhouse)	1. Q3 - the deliverable target for Q2 has moved to Q3 because the appointment ol a contractor could not be made in Q2 due to non-compliance of tenderers. 2. Q4 - Due to the delayed appointment of a contractor, construction will only commence in Q4.

27	Approved Water safety plan	Q3 - a new deliverable target has been added because a feasibility study needs to be performed to identify risks before a water safety plan can be developed.
30	Completed construction of 0.5 km of road leading to the to Aeroville Cemetery	1. Q3 - the target has been removed because it was identified that Technical Services Department does not have the capacity and resources to do the site investigations and the design of the road (civil designer programme or auto cad programme). The project will now be sourced out to the Professional Service Provider for further implementation. 2. The indicator has changed since the project will be sourced out the Professional Service Providers.
COMMUNITY SERVICES DEPARTMENT		
KPI NO	**INDICATOR**	**MOTIVATION FOR CHANGE OF KPI TARGETS**
32	No of recycling programmes conducted	1. Q3 - Performance targets for Q3 & Q4 should be deferred to the 2016/ 17 financial year as delays by the funding agent (DTI) have resulted in the service provider being unable to proceed with the project as planned.
33	By establishing Aeroville cemetery	1.Q3 - The project regarding the road has been moved to Technical Services, but due to limited funding (for the road and fencing), the fencing of the cemetery was earmarked to be done internally (hence the project was not advertised externally) 2. Q4 - The fencing project is moved to Q3 of the 2016/ 17 financial year
OFFICE OF THE MUNICIPAL MANAGER		
63	Number of workshops on fraud and anti-corruption held to educate employees	This indicator and target was poorly planned as we can only workshop the workforce on an approved fraud policy. The fraud policy will be approved in the 4th quarter and the workshop will be conducted in 2016/17 FY during the first and third quarter 2016/17
70	Number of Reports on initiatives implemented by Gov Depts within BCRM submitted to Council	Due to lack of participation of government departments in the IDP related programmes and IGR meetings, therefore the municipality does not get progress reports on the projects implemented by government departments.
76	Developed ICT Strategy	Due to lack of sufficient funds and the project will be done in the next financial year
77	Upgrade IT infrastructure	Due to the adjustments made on the budget, the project could not be implemented as planned.

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on Blue Crane Route Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Blue Crane Route Municipailty set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No.1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Blue Crane Route Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unauthorised expenditure

8. As disclosed in note 46 to the financial statements, unauthorised expenditure to the amount of R15,8 million (2014-15: R1,93 million) was incurred as a result of overspending of the total amounts appropriated for the votes in the approved budget.

Irregular expenditure

9. As disclosed in note 48 to the financial statements, irregular expenditure to the amount of R12,2 million (2014-15: R39,3 million) was incurred as a result of contravention of the supply chain management (SCM) requirements.

Material losses

10. As disclosed in note 27 to the financial statements, electricity losses of 24% (2014-15: 24%) and water losses of 50% (2014-15: 44%) were incurred during the financial year.

Restatement of corresponding figures

11. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during the current financial year in the financial statements of the Blue Crane Route Municipality at, and for the year ended, 30 June 2015.

Additional matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure note

13. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Unaudited supplementary information

14. The supplementary information (annexure A), set out on pages xx to xx, does not form part of the financial statements and is presented as additional information. I have not audited this annexure and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the basic service delivery and infrastructure development priority presented on pages x to x of the annual performance report of the municipality for the year ended 30 June 2016:

17. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPI).

18. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

19. The material findings in respect of the selected development priority are as follows:

Basic service delivery and infrastructure development

Usefulness of reported performance information

20. I did not raise any material findings on the usefulness of the reported performance information for the Basic service delivery and infrastructure development priority.

Reliability of reported performance information

21. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements against planned targets of 26% indicators were not reliable when compared to the evidence provided.

Additional matters

22. I draw attention to the following matter:

Achievement of planned targets

23. Refer to the annual performance report on page(s) x to x; x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information for the selected development priority reported in paragraph 21 of this report.

Compliance with legislation

24. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements and annual report

25. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of property, plant and equipment, contingent liabilities, contingent assets and unauthorised expenditure identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

26. Reasonable steps were not taken to prevent unauthorised, irregular as well as fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Consequence management

27. Unauthorised, irregular as well as fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA.

Procurement and contract management

28. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).

29. Thresholds for local content on designated sectors' procurement were not properly applied in accordance with the requirements of preferential procurement regulation 9.

Human resource management

30. The competencies of the chief financial officer, head of the SCM unit, as well as financial and SCM officials were not assessed in a timely manner to identify and address gaps in competency levels as required by Municipal Regulations on Minimum Competency Levels 13.

Internal control

31. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the financial statements, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

32. The leadership ensured that all senior management positions and supply chain management vacancies were filled. However, the leadership did not enforce consequences for poor performance and transgressions of legislation, resulting in a culture where repeat findings have become the norm.

Financial and performance management

33. The municipality did not introduce appropriate mechanisms, processes, procedures, systems or internal controls to ensure that transactions are correctly recorded, classified, reconciled, reported on in accordance with the SA standards of GRAP. As a result, material misstatements were identified during the audit process, which were subsequently corrected by management.

34. In areas where the municipality made use of consultants, the consultants were not adequately monitored to ensure that their work was completed on time to allow the municipality to review and properly process that work in the financial statements.

35. In relation to predetermined objectives, management did not ensure that relevant and reliable evidence was maintained to support the reported performance information.

36. Overall, there was a slow response to audit recommendations as evidenced by repeat findings on the financial statements, the annual performance report and compliance with legislation.

Governance

37. Although the internal audit unit and audit committee executed their legislative mandate during the financial year under review, the municipality had recurring material findings on financial and performance management and compliance with legislation. This was as a result of the timing of the internal audit reports and leadership not responding adequately to recommendations made by the internal audit unit as well as the audit committee.

OTHER REPORTS

38. I draw attention to the following engagements that could potentially have an impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Investigations

39. The municipality requested the Department of Cooperative Governance and Traditional Affairs to conduct an investigation into the fraudulent change of a supplier's banking details during the period under review. At the time of this report, the investigation was still in progress.

Auditor General

East London

30 November 2016

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

BLUE CRANE ROUTE MUNICIPALITY

The Audit Committee is pleased to present its Annual report for the financial year ended 30 June 2016.

BACKGROUND OVERVIEW

The Audit Committee (AC) of Blue Crane Route Municipality was inducted on 4 September 2015 for a term of office of three years ending on 30 June 2018. It originally consisted of four members. The AC also has and perform the functions of two sub Committees, namely the Performance Audit Committee and the Risk Management Committee.

The Audit Committee adopted an Audit Committee Charter in the year under review, which sets out the fundamental roles and responsibilities of the Committee. The Charter is based by the requirements of Sec 166 of the Municipal Finance Management Act (MFMA). The Charter has been approved by Council in 2015/16 financial year.

ATTENDANCE OF MEETINGS

The Committee met four times in the financial year under review. Herewith as illustrated below:

Name of Member	Attendance	Apology	Total	Percentage attendance
Mr. R. Ortlieb (Chairperson) Nr.1	1		1	100%
Mrs. R.J. Blignaut (Chairperson)	4	0	4	100%
Mr. P.L. Moolman	4	0	4	100%
Mr. P.M. Songo	3	1	4	75%

Nr. 1 – Mr. R. Ortlieb resigned as audit committee member on 16 November 2015.

MANAGEMENT ATTENDANCE TO AC MEETINGS

The table below also illustrates Management attendance to Audit Committee meetings.

Name of Member	Attendance	Apology	Total	Percentage attendance
Municipal Manager	4	0	4	100%
Chief Financial Officer	4	0	4	100%
Director: Corporate Services	2	2	4	50%
Manager Internal Audit	4	0	4	100%
Manager IDP & PMS	4	0	4	100%
Manager: Financial Accounting & Reporting	3	1	4	75%
Director: Technical Services	3	1	4	75%
Director: Community Services	1	3	4	25%

The Audit Committee wishes to inform Council that apologies were received.

THE AUDIT COMMITTEE'S RESPONSIBILITIES

These are the fundamental roles and responsibilities of the Audit Committee:

1. Oversight over Internal Audit activities;
2. Oversight over External Audit activities;
3. Review of the Annual Financial Statements;
4. Financial Management and Reporting;
5. Performance Management;

INTERNAL AUDIT ACTIVITIES

Internal Audit unit reports administratively to the Municipal Manager and functionally to the Audit Committee. The Audit Committee thus provides the legal mandate for the existence of the Internal Audit unit within the Municipality. The Committee approved the following administrative documents for the unit:

1. Internal Audit Charter 2015/16;
2. The Risk based Internal Audit Methodology;
3. Risk register;
4. Internal Audit plan 2015/16;

The Audit Committee is satisfied that the internal Audit plans addresses a clear alignment with the outcomes of the risk assessment process, i.e. adequate information systems coverage, a good balance between different categories of audits, e.g. risk-based, mandatory, performance and follow-up audits.

The Committee monitored and evaluated the implementation of the internal Audit plan and provided feedback to Management on the work performed by the internal Audit unit. The Committee reports that the internal Audit plan 2015/16 was implemented fully by the unit with additional ad-hoc audits requested by Management.

The primary role of the internal Audit is to provide Management with assurance on the effectiveness and adequacy of the internal controls. The Committee received Internal Audit reports and scrutinised them for significant internal control deficiencies. The Committee has had fruitful engagements with Management on the findings reported by internal Audit as well as Management comments provided. Management has been informed that the findings raised are an indication of control weaknesses that need to be strengthened for ensuring sound control environment.

The Audit Committee acknowledge that the internal Audit unit experienced difficulties and challenges in respect of resources. The Committee recommend to council that the internal Audit Unit staff shortages be addressed to ensure operational functioning of the unit.

EXTERNAL AUDIT ACTIVITIES

The Audit Committee interacted with the representatives from the Office of the Auditor General on quarterly basis during attendance to AC quarterly meetings. The Audit Strategy for the financial year ended 30 June 2016, was presented to the Audit Committee. The Committee noted that the Regulatory audit will not be contracted out. The audit fees were discussed in detail.

The Committee advised Management to provide all the necessary support to the Office of the Auditor General during the audit process. Internal Audit has prepared a checklist of 2015 audit findings to ensure audit readiness for the current year. This is monitored on a continuous basis.

REVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The first draft of the Annual Financial Statements was submitted to the Committee on 12 August 2016. The Committee engaged extensively in scrutinising the statements. Inputs were provided an amendments were effected to the statements. In overall the Committee noted significant improvement from prior year.

Management has addressed most of the prior year audit findings raised by the Auditor General.

The Audit Committee will engage with the Office of the Auditor General on the outcomes of the audit.

FINANCIAL MANAGEMENT AND REPORTING

The Committee reviewed the quarterly financial management report from the Chief Financial Officer.

The Committee is concerned about the declining cashflow of the municipality. The management has however have the situation under control and the measures in place to manage the cahsflow.

SUPPLY CHAIN MANAGEMENT

The Committee reviewed the Internal Audit Report on Supply Chain Management. It noted the findings raised by Internal Audit on Supply Chain Management. The overall rating of the controls is weak. It is also a concern that the issues raised by the Internal Audit has previously been raised by internal and External Audit. No improvement was noted.

HUMAN RESOURCE MANAGEMENT

The Committee reviewed the Internal Audit Report on Human Resources. The overall rating of the controls is weak. The findings were previously also reported by the Internal Audit and External Audit. No improvement was noted.

FRAUD

The Audit Committee is aware that the municipality was a victim of alleged fraudulent amendments of suppliers' banking details. Management has kept the Audit Committee updated with the progress on this matter. The Committee is satisfied that preventative measures has been introduced.

PERFORMANCE MANAGEMENT

The performance management review was done for all section 56 and 57 managers on 20 and 25 July 2016.

The period under review was for the fourth quarter for the financial year ending 30 June 2016 as well as the annual review covering the whole financial year.

The overall review process has improved significantly from the med-year review. The performance management review system was only fully implemented in the financial year ending 30 June 2016. The process of review was implemented with the assistance of the newly created internal audit section within the Blue Crane Municipality and the improvement has been significant.

The following points were raised by the panel members that could improve the review process further:

1. Evidence should be presented as the review is undertaken between the relevant manager and his first reviewer and not at a later stage. This leads to disagreements between these parties at the stage when the final review is undertaken by the review committee.
2. In some instances, we have found that no clearly defined targets have been set as part of the Key Performance Indicators.
3. Care should be taken that key Performance Indicators should be quantative in nature and easily measurable.
4. We would also like to emphasize the fact that all managers should strive to work together in achieving targets. Blame shifting in front of the review panel does not improve service delivery.

We would like to that all involved for a much improved review process.

CONCLUSION

The Committee has completed its first year of office from its three year office tenure.

The Committee again wishes to express its appreciation to the Management and leadership of the Blue Crane Route Municipality for continued support and good corporate governance as well as the Office of the Auditor General and all other stakeholders.

R.J. BLIGNAUT
CHAIRPERSON
31 August 2016